United States Court of Appeals

for the Second Circuit



APPELLANT'S APPENDIX

76-1340

B

United States Court of Appeals

FOR THE SECOND CIRCUIT

Docket No. 76-1340

UNITED STATES OF AMERICA,

Appellee,

—v.—

JAMES D. HANLON, COSTAS NASLAS,
and PAUL KATRITSIS,

Appellants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

APPELLANTS' APPENDIX

VOLUME I—Pages 1a to 630a

UNITED STATES COURT OF APPEALS
FILED
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SECOND CIRCUIT

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Relevant Docket Entries

Relevant Docket Entries Under Rule 30(a)

5-30-75	Filed indictment and ordered sealed. Gagliardi, J B/W's ordered.
9-15-75	Costas Naslas-Filed copy of B/W executed 9/15/75. Deft. produced in custody of agent in Courtroom 506 and arraigned on indictment 75 Cr. 515 and 75 Cr. 516. Bail fixed by Judge Werker. Deft. Naslas-Produced purs. to B/W. Pleads not guilty. Assigned to Judge Pollack for all purposes. Ordered photographed and fingerprinted. Judge Duffy recuses himself on the question of bail and bail is fixed by Judge Werker as follows. Bail $10,000. P.R.B. to be co-signed by wife and deed to house owned by wife is to be posted as collateral. Deft. to surrender Greek and American passports to AUSA Gordan. Deft. R.O.O.R. to 9/16/75 at 3 p.m. to post bail. Deft. Katritsis (produced on B/W. (atty. present) Pleads not guilty. Case assigned to Judge Pollack for all purposes. Deft. ordered photographed and fingerprinted.

Judge Duffy recuses himself on question of bail and bail is fixed by Judge Werker as follows: Bail $25,000. P.R.B. secured by 10% cash. Deft. is given until 9/16/75 at 3 p.m.(to post bail - Deft. R.O.R.) Deft. is to surrender Greek and American passport to AUSA. Gordan. Deft. to report once a week to U.S. Atty's office at a convenient time to (him). Werker, J.

9-19-75 Deft. James Hanlon (atty. Peter Fleming present) pleads not guilty. Bail fixed at $25,000. P.R.B. Deft. to surrender his passport to the U.S. Atty. by 9-22-75. Bail limits are to be agreed upon by counsel for deft. and U.S. Atty. Pollack, J.

04-27-76 Filed Order that 75 Cr. 515, 516, 1176 be tried together pursuant to Rule 13 as to deft. Costas Naslas, etc. Pollack, J. mn

06-02-76 James D. Hanlon; Costas Naslas and Paul Katritsis (attys Peter Fleming and John Sprizzo present) consolidated for trial with 75 Cr. 1176 - before Judge Pollack. Jury trial begun.

Relevant Docket Entries

06-03-76	Trial cont'd.
06-04-76	Trial cont'd.
06-07-76	Trial cont'd.
06-08-76	Trial cont'd.
06-09-76	Trial cont'd. Govt. rests. Deft. Hanlon's motions to dismiss cts 10, 18, 22, 36, 51, 56, 57, 65, 66, 67, 68, 75 and 76 - denied. Deft. Naslas' motions to dismiss cts 51, 62, 63, 65, 66 and 76 - denied. Deft. Katritsis' motions to dismiss cts 51, 56, 57, 58, 59, 65 and 66 denied. Pollack, J.
06-10-76	Trial cont'd.
06-11-76	Trial cont'd.
06-14-76	Trial cont'd.
06-15-76	Trial cont'd.
06-16-76	Trial cont'd. Trial concluded. Jury verdict-deft. James Hanlon found guilty as charged on each of cts 10, 18, 22, 36, 51, 57, 65, 66, 67, 68, 75 and 76. Deft. Paul Katritsis found guilty as charged on each of counts 51,56, 57, 58, 59, 65 and 66. Deft. Costas Naslas found guilty as charged on each of cts. 51, 62, 63, 65, 66 and 76. Jury polled. Jury excused. All motions of all defts. are denied. All three defts. P.S.R. ordered.

For sentence 7-26-76 at 10 a.m. rm. 1306.
Bail cont'd. Pollack, J.

07-26-76 Filed Judgment.

James Hanlon-(attys, Peter Fleming and John Sprizzo present). SENTENCED. Five (5) yrs. on each of Cts. 10, 18, 22, 36, 51, 65 and 67. Two yrs. on each of Cts. 56, 57, 66, 68, 75, and 76.
All sentences imposed are to run conc. Cts. 1, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, and 69 remain open and are carried pending appeal. Deft. advised of his right to appeal. Deft. has surrendered his passport. Bail pending appeal is fixed at $100,000. cash or surety bond and is to be posted on or before 7-29-76 at 4 P.M., and Deft. is meanwhile contd. on present bail. Pollack, J.

Costas Naslas-(attys Peter Fleming and John Sprizzo present). Sentenced Five (5) yrs. on each of Cts. 51, 62 and 65.
Two (2) yrs. on each of Cts. 63, 66 and 76.
All sentences imposed above in 75 Cr. 515

and 75 Cr. 1176 are to run conc., and on condition that Deft. be confined in a JAIL TYPE Institution for a period of Six (6) months, the execution of the remainder of the sentence of imprisonment is hereby suspended and the Deft. is placed on Probation for a period of Three (3) yrs. subject to the standing probation order of this court. T18, Sec. 3651, U.S. Code. Cts. 1 and 69 remain open and are carried pending appeal. Deft. advised of his right to appeal. Deft. contd. on present bail pending appeal. Pollack, J.

07-26-76 Paul Katritsis-(attys Peter Fleming and John Sprizzo present). Sentenced Two (2) yrs. on each of Cts. 51, 56, 57, 58, 59, 65 and to run conc. with each other, and on condition that deft. be confined to a JAIL TYPE Institution for a period of Four (4) months the execution of the remainder of the sentence of imprisonment is hereby suspended and the deft. is placed on Probation for a period of Three (3) yrs., subject to the standing probation order

of this court. T. 18, Sec. 3651, U.S. Code.

Ct. 1 remains open and is carried pending appeal. Bail pending appeal is fixed at $25,000. P.R.B. to be secured by deposit of 50% cash or surety by 07-27-76 on 4 p.m. and deft. is meanwhile continued on present bail. Pollack, J. (M. Cohen, Rptr.)

07-28-76 James D. Hanlon - Filed deft's notice of appeal, to U.S.C.A. from Judgment dated 07-26-76. Copies mailed to A.U.S.A. and deft. at 4 Dyson St., Staten Island, N.Y. 10304

08-03-76 Filed deft. Paul Katritsis' notice of appeal from judgment of 7-26-76. Mailed copies.

08-03-76 Filed deft. Costas Naslas' notice of appeal from judgment of 7-26-76.

Relevant Docket Entries

INFORMATION 75 Cr. 1176

12-[illegible]-75	Filed information. Referred to Pollack, J. as related to 75 Cr. 515, 516.
4-27-76	Filed order that 75 Cr. 515, 516, 1176 be tried together pursuant to Rule 13 as to deft. Naslas, etc. Pollack, J.
6-16-76	Trial concluded. Jury verdict-deft. Costas Naslas found guilty as charged on each of counts 1, 3 and 4.
7-26-76	Filed Judgment. Costas Naslas (attys Peter Fleming and John Sprizzo present). Sentenced one year on each of counts 1, 3 and 4. All sentences imposed above in 75 Cr. 515 and 75 Cr. 1176 are to run conc., and on condition that Deft. be confined in a JAIL TYPE Institution for a period of Six (6) months, the execution of the remainder of the sentence of imprisonment is hereby suspended and the Deft. is placed on Probation for a period of Three (3) yrs. subject to the standing probation order of this court.

Indictment

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA	
- v -	INDICTMENT
CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, JAMES D. HARLOW, MICHAEL BLONSKY, COSTAS HASLAS, PAUL KATRITSAS, GREGORY SPARTALIS, JOSEPH METZGER, JOHN J. SHEVLIN, and MICHAEL A. PANAYOTOPULOS,	75 Cr.
Defendants.	

INTRODUCTION

The Grand Jury charges:

1. At all times relevant to this indictment, Tidal Marine International Corporation was a company primarily engaged in the business of acquiring and operating oil tankers and dry cargo vessels. Tidal Marine International Corporation maintained offices in the Southern District of New York and elsewhere, specifically in London, England and Piraeus, Greece, in its own name and in the names of certain of its subsidiaries. The name of its principal operating subsidiary was Galaxy Steamship Corp.

2. At all times relevant to this indictment, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, was president of Tidal Marine International Corporation.

3. At all times relevant to this indictment, AMILCAS ION LIVAS, a/k/a A. Ion Livas, was an equal partner of AMANATIDES in the operation of Tidal Marine International Corporation. From January 1, 1972, LIVAS was chairman of the board of Tidal Marine International Corporation.

4. At all times relevant to this indictment, JAMES D. HANLON served as attorney for Tidal Marine International Corp. in admiralty and other matters.

5. At all times relevant to this indictment, MICHAEL BLONSKY was an employee of LIVAS and AMANATIDES outside the corporate structure of Tidal Marine International Corporation. BLONSKY was titular manager of an office privately maintained by LIVAS and AMANATIDES at 2 Chesterfield Hill, which was represented to be the office of Interocean Brokerage Ltd., a concern purportedly operated by BLONSKY, which, to the extent that it engaged in any business activities, was controlled by LIVAS and AMANATIDES.

6. At all times relevant to this indictment, COSTAS NASLAS was an employee of Tidal Marine International Corporation and in charge of its office in New York, New York.

7. At all times relevant to this indictment PAUL KATRITSIS was the nephew of AMANATIDES and, in 1971 and 1972, an employee of Tidal Marine International Corporation.

8. At all times relevant to this indictment, GREGORY SPARTALIS was an officer and employee of the National Bank of North America, New York, New York, and in charge of its Shipping Division.

9. At all times relevant to this indictment, JOSEPH METZGER was an officer and employee of National Bank of North America, New York, New York, and worked in its Shipping Division.

10. At all times relevant to this indictment, JOHN J. SHEVLIN was an officer and employee of the National Bank of North America, New York, New York, and worked in its Shipping Division.

11. At all times relevant to this indictment, MICHAEL A. PANAYOTOPULOS was the president of Intercontinental Mining and Abrasives, Inc., which maintained offices in the Southern District of New York.

12. At all times relevant to this indictment, AMANATIDES and LIVAS controlled certain Liberian corporations which were not part of the corporate structure of Tidal Marine International Corporation. Principal among such corporations controlled by AMANATIDES were Eldorado Investments, Inc Leadership Investments, Inc., and Altomar Steamship Corp. Principal among such corporations controlled by LIVAS were Transoceanic Shipping Co. of Piraeus, Ltd., later renamed Panocean Marine International Corp., Barclay Investments Ltd., and Barclay Development Corp.

13. This introduction is hereby incorporated and realleged in each count of this indictment where relevant as if set forth fully therein.

COUNT ONE

The Grand Jury charges:

From on or about the 1st day of January, 1970, up to and including the 1st day of January, 1973, in the Southern District of New York and elsewhere, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, JAMES D. HANLON, COSTAS NASLAS, PAUL KATRITSIS and MICHAEL BLONSKY, the defendants, unlawfully, wilfully and knowingly did combine, conspire, confederate and agree together and with one another and with others to the grand jury known and unknown to commit offenses against the United States, to wit, violations of Sections 1014 and 1343 of Title 18, United States Code.

2. It was part of said conspiracy that the defendants and their co-conspirators unlawfully, wilfully and

knowingly, would and did make false statements and reports, knowing the same to be false, and would and did overvalue property and security, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon loans exceeding $42,000,000 in total to Orion Navigation Corp., Ilion Compania Naviera, S.A., Harilion Compania Naviera, S.A., Kyrilion Compania Naviera, S.A., Marilion Compania Naviera, S.A., Betelgeuse Navigation Corp., Eltanin Navigation Corp., Capella Navigation Corp., Bellatrix Navigation Corp., Canopus Navigation Corp., Aldebaran Navigation Corp., Acamar Navigation Corp., Deneb Navigation Corp., Aquarius Navigation Corp., Libra Navigation Corp., Caprice Navigation Corp., May Shipping Co. Ltd., June Shipping Co. Ltd., Aries Navigation Corp., Pisces Navigation Corp., Spartan Pride Shipping Co. Ltd., Spartan Endeavor Shipping Co. Ltd., Southeast Tanker Co. Ltd., and Epidavros Shipping Co. Ltd.

3. It was part of said conspiracy that the defendants and their co-conspirators, having devised and intended to devise schemes and artifices to defraud the National Bank of North America, Bank of America N. T. and S. A., London, United California Bank, London, Harris Trust and Savings Bank, Chicago, and Hill Samuel & Co., London, and to obtain money and property from the said banks by means of false and fraudulent pretenses, representations and promises, to wit: loans exceeding $30,000,000 obtained at National Bank of North America for Ilion Compania Naviera, S.A., Harilion Compania Naviera, S.A., Kyrilion Compania Naviera, S.A., Marilion Compania Naviera, S.A., Betelgeuse Navigation Corp., May Shipping Co. Ltd., June Shipping Co. Ltd., Aquarius Navigation Corp., Libra Navigation Corp., Caprice Navigation Corp., Aries Navigation Corp., Pisces Navigation

Corp., Spartan Pride Shipping Co. Ltd., Spartan Endeavor Shipping Co. Ltd., and Epidavros Shipping Co. Ltd.; loans obtained or sought totalling about $20,000,000 at Bank of America N.T. and S.A., for Orion Navigation Corp., Deneb Navigation Corp., Antares Navigation Corp., Alkaid Navigation Corp., Arcturus Navigation Corp., Alphard Navigation Corp. and an unidentified subsidiary of Tidal Marine International Corp. to own the vessel Capetan Elias; loans obtained or sought totalling about $6,300,000, at United California Bank for Alphard Navigation Corp. and an unidentified subsidiary of Tidal Marine International Corp. to own the vessel Capetan Elias; a loan sought in the amount of $2,500,000 at Harris Trust and Savings Bank for Alphard Navigation Corp.; and a loan sought in the amount of $2,000,000 at Hill, Samuel & Co. for Tidal Marine International Corp. and subsidiaries thereof; unlawfully, wilfully and knowingly would and did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce, sign, signals, pictures and sounds, for the purpose of executing such schemes and artifices.

4. Hereby incorporated and realleged herein as if fully set forth are paragraphs 2 through 5 of Counts Two through Seven, paragraphs 2 through 10 of Counts Ten through Twelve, paragraphs 3 and 4 of Counts Seventeen through Twenty-Two, paragraphs 2 through 7 of Counts Twenty-Five through Thirty, paragraphs 2 through 4 in Count Thirty-Six, paragraphs 2 and 3 of Counts Forty-Four through Forty-Eight, paragraphs 2 through 8 in Count Fifty-One, paragraphs 2 through 5 in Count Sixty-Two, paragraphs 2 through 7 in Count Sixty-Five, paragraphs 2 through 20 in Count Sixty-Seven, paragraphs 2 through 9 in Count Sixty-Nine, and

paragraphs 2 and 3 of Counts One Hundred Twenty-One through One Hundred Twenty-Three, infra.

OVERT ACTS

In furtherance of said conspiracy and to effect the objects thereof, the defendants and their co-conspirators did commit the following overt acts, among others, in the Southern District of New York:

1. In or about July, 1971, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, had a conversation with Joseph Metzger.

2. On or about the 24th day of December, 1971, PAUL KATRITSIS signed a number of documents.

3. On or about the 24th day of December, 1971, CHARALAMBOS AMANATIDES had a conversation with Gregory Spartalis.

4. On or about the 4th day of February, 1972, COSTAS NASLAS signed a letter addressed to National Bank of North America.

5. On or about the 11th day of February, 1972, JAMES D. HANLON signed a loan agreement.

6. On or about the 3rd day of June, 1972, JAMES D. HANLON signed a letter.

(Title 18, United States Code, Section 371).

COUNT TWO THROUGH SEVEN

The Grand Jury Further Charges:

1. From on or about the 1st day of October, 1970, up to and including the 19th day of November, 1970, in the Southern District of New York, and elsewhere, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, having devised and intended to devise a scheme and artifice to defraud the Bank of America N.T. and S.A., London and to obtain money and property from the said bank by means of false and fraudulent pretenses, representations and promises, unlawfully, willfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce, signs, signals, pictures and sounds, as hereinafter set forth, for the purpose of executing such scheme and artifice.

2. It was part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that in or about October, 1970, the defendants AMILCAS ION LIVAS, a/k/a A. Ion Livas, and CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides did arrange and agree to purchase the vessel President Brand, later renamed Tichi, for Tidal Marine International Corp. from E. P. Nomikos for a price of $2,837,500.

3. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that on or about October 7, 1970, the defendants AMILCAS ION LIVAS, a/k/a A. Ion Livas, and CHARALAMBOS AMANATIDES a/k/a Harry Amanatides, caused the vessel President Brand to be first purchased in the name of Haven Shipping Company Limited

for $2,837,500, the aforesaid Haven Shipping Company Limited being a corporation acquired by AMILCAS ION LIVAS, a/k/a A. Ion Livas, on or about the 7th day of October, 1970.

4. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that the defendants AMILCAS ION LIVAS, a/k/a A. Ion Livas, and CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, would and did cause Michael Blonsky, as Secretary of Haven Shipping Company Limited, to execute a bill of sale conveying the President Brand to Orion Navigation Corp. at a price of $3,500,000, the said Orion Navigation Corp. being a subsidiary of Tidal Marine International Corp.

5. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that in or about October and November, 1970, the defendants AMILCAS ION LIVAS, a/k/a A. Ion Livas, and CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, falsely and fraudulently pretended and represented to the Bank of America N. T. and S. A., London, and officers and employees thereof, for the purpose of obtaining a loan of $2,625,000 to finance the purchase of the Tichi, that the purchase price of the vessel Tichi, ex President Brand, was $3,500,000.

6. On or about the dates hereinafter set forth, in the Southern District of New York, AMILCAS ION LIVAS, a/k/a A. Ion Livas, and CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, the defendants, for the purpose of executing such scheme and artifice to defraud, unlawfully, willfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce signs, signals, pictures and sounds, as follows:

COUNT	FROM	TO	DATE
2	San Francisco, California	London, England	October 29, 1970
3	London, England	San Francisco, California,	November 6, 1970
4	San Francisco, California	London, England	November 9, 1970
5	London, England	San Francisco, California	November 11, 1970
6	London, England	San Francisco, California	November 12, 1970
7	London, England	San Francisco, California	November 13, 1970

(Title 18, United States Code, Sections 1343 and 2).

COUNT EIGHT

The Grand Jury Further Charges:

On or about the 17th day of November, 1970, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, unlawfully, willfully, and knowingly, did make a false statement and report, to wit, that the purchase price of the vessel Tichi was $3,500,000, which statement and report, as the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, then and there well knew, was false, and did overvalue property and security, to wit, the vessel Tichi, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $2,450,000 to the Orion Navigation Corp., a subsidiary of Tidal Marine International Corp., to finance the purchase of the Tichi, which loan was thereafter made by the said bank on or about November 20, 1970.

(Title 18, United States Code, Sections 1014 and 2)

COUNT NINE

The Grand Jury further charges:

On or about the 21st day of December, 1970, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, unlawfully, wilfully and knowingly, in a matter within the jurisdiction of a department and agency of the United States, to wit, the Securities and Exchange Commission, did falsify, conceal and cover up by trick, scheme and device a material fact, did make false, fictitious and fraudulent statements and representations, and did make and use false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries, to wit, the defendants AMANATIDES and LIVAS made and filed a report on Form 8-K for Tidal Marine International Corporation for November, 1970, which was required to be filed with the Securities and Exchange Commission, and which stated that on November 20, 1970, the Registrant purchased the Tichi for a purchase price of $3,500,000 cash and 10,000 shares of its common stock from Haven Shipping Co. Ltd. and E.P. Nomikos, that the purchase was negotiated at arms length, that the Registrant had no prior affiliation with the seller, its affiliates nor any of its controlling persons and that the consideration paid for the ship was based on the best price that could be obtained in the open market place, whereas in truth and in fact, as the defendants AMANATIDES and LIVAS then and there well knew, the above statement was false, fictitious and fraudulent in that (1) the purchase was not negotiated at arms length; (2) the Registrant had a prior affiliation with the seller, its affiliates and its controlling persons; and (3) the consideration paid for the ship was not based on the best price that could be obtained in the open market place.

(Title 18, United States Code, Section 1001 and 2.)

COUNTS TEN THROUGH TWELVE

The Grand Jury further charges:

1. From on or about the 1st day of June, 1970, up to and including the 1st day of January, 1973, in the Southern District of New York and elsewhere, AMILCAS ION LIVAS, a/k/a A Ion Livas, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, the defendants, having devised and intended to devise a scheme and artifice to defraud the National Bank of North America, New York, New York, and to obtain money and property from the said bank by means of false and fraudulent pretenses, representations and promises, to wit, a loan of $2,200,000 to Ilion Compania Naviera, S.A., Harilion Compania Naviera, S.A., Kyrilion Compania Naviera, S.A., and Marilion Compania Naviera, S.A., unlawfully, willfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce, signs, signals, pictures, and sounds, as hereinafter set forth, for the purpose of executing such scheme and artifice.

2. It was part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, did sign a memorandum of agreement under date of August 17, 1970, to purchase the vessel Jalamoti, later renamed Ilion, for $380,000.

3. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, did sign three memoranda of agreement under date of October 19, 1970, for the purchase of the vessels Jalamanjari, renamed Harilion, Jalamadhuri, renamed Kyrilion, and Jalavihar,

renamed Marilion, for $450,000, $450,000 and $825,000 respectively.

4. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that, on or about the 9th day of October, 1970, the defendants JAMES D. HANLON and AMILCAS ION LIVAS, a/k/a A. Ion Livas, did form and cause the formation of a Liberian corporation under the name of Unimar Seetransport GMBH.

5. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that in or about December, 1970, the defendant CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, did falsely and fraudulently pretend and represent to the National Bank of North America and officers and employees thereof that the vessels Ilion, Harilion, Kyrilion, and Marilion had been purchased for a total price of $2,700,000 and that the vessels were on charter to Unimar Seetransport GMBH.

6. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, that, upon approval on or about December 23, 1970, of a $2,200,000 loan to Transoceanic Shipping Co. Ltd. by the Shipping Division Loan Committee of the National Bank of North America "subject to the approval of committee to the goodness of the charterers", the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides and AMILCAS ION LIVAS, a/k/a A. Ion Livas, did cause a telex to be sent from Interocean Brokerage Ltd., in London, England, a company controlled by the said LIVAS and AMANATIDES, to the National Bank of North America, on or about January 14, 1971, pretending and representing that the Marilion was fixed on a 3

year time charter to Mitsui Line at $1645 per day and the Kyrilion was fixed on a 3 year time charter to Port Line/Blue Funnel Line at $ 1535 per day, which pretenses, representations and promises were false and fraudulent.

7. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that on or about January 22, 1971 the defendants JAMES D. HANLON, AMILCAS ION LIVAS, a/k/a A. Ion Livas, and CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, obtained from National Bank of North America loans of $550,000 to Harilion Compania Naviera S.A. and $550,000 to Kyrilion Compania Naviera S.A. secured in part respectively by assignment of a purported consecutive voyage charter party on the vessel Harilion, dated January 14, 1971, between Harilion Compania Naviera S.A., and Mitsui Lines, and assignment of a purported consecutive voyage charter party on the vessel Kyrilion, dated January 14, 1971, between Kyrilion Compania Naviera, S.A., and Port Line/Blue Funnel Line, which consecutive voyage charter parties did not in fact exist.

8. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that on or about the 8th day of February, 1971, the defendants JAMES D. HANLON, AMILCAS ION LIVAS a/k/a A. Ion Livas, and CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, did obtain from the National Bank of North America a loan of $550,000 to Ilion Compania Naviera, S.A., secured in part by an assignment of a purported time charter party on the vessel Ilion dated October 10, 1970, between Ilion Compania Naviera, S.A. and Unimar Seatransport CKBH, which time charter party did not in fact exist.

9. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that on or about the 17th day of February, 1971, the defendants JAMES D. HANLON, AMILCAS ION LIVAS, a/k/a A. Ion Livas, and CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, did obtain from the National Bank of North America a loan of $550,000 to Marilion Compania Naviera, S.A., secured in part by an assignment of a purported time charter party on the vessel Marilion, dated December 10, 1970, between Marilion Compania Naviera, S.A., and Japan Line Ltd., which time charter party did not in fact exist.

10. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that, on or about the 6th day of August, 1971, the defendants AMILCAS ION LIVAS a/k/a A. Ion Livas, and JAMES D. HANLON did form and cause to be formed two Liberian corporations named Port Line-Blue Funnel Line of London Ltd. and Mitsui - O.S.K. Lines K.K. of Tokyo Ltd.

On or about the dates hereinafter set forth, in the Southern District of New York, AMILCAS ION LIVAS, a/k/a Ion Livas, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, the defendants, for the purpose of executing such scheme and artifice, unlawfully, willfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in inter-state and foreign commerce signs, signals, pictures and sounds, as follows:

COUNT	FROM	TO	DATE
10	London England	New York, New York	January 14, 1971
11	Boston, Mass.	New York, New York	January 19, 1971
12	Boston, Mass.	New York, New York	January 22, 1971

(Title 18, United States Code, Sections 1343 and 2).

COUNT THIRTEEN

The Grand Jury Further charges:

On or about the 22nd day of January, 1971, in the Southern District of New York, AMILCAS ION LIVAS, a/k/a A. Ion Livas, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, the defendants, unlawfully, wilfully and knowingly, did make a false statement and report, to wit, "...that certain consecutive voyage charter party dated January 14, 1971, covering the Hellenic vessel Kyrilion (hereinafter called the "Vessel") by and between the Assignor, as owner, and Port Line/Blue Funnel Line (hereinafter called the "Charterer"), as charterer, and any and all amendments or extensions or renewals thereof or thereto...is valid and enforceable and is now in full force and effect...", which statement and report, as the defendants AMILCAS ION LIVAS, a/k/a A. Ion Livas, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON then and there well knew, was false, and did overvalue property and security, to wit, the vessel Kyrilion, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $550,000 made by the said bank to the Kyrilion Compania Naviera, S.A., on or about January 22, 1971.

(Title 18, United States Code, Sections 1014 and 2).

COUNT FOURTEEN

The Grand Jury Further charges:

On or about the 22nd day of January, 1971, in the Southern District of New York, AMILCAS ION LIVAS, a/k/a A. Ion Livas, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, the defendants, unlawfully, wilfully and knowingly, did make a false statement and report, to wit, "...that certain consecutive voyage charter party dated January 14, 1971, covering the Hellenic vessel Harilion (hereinafter called the "Vessel") by and between the Assignor, as owner, and Mitsui Line (hereinafter called the "Charterer") as charterer, and any and all amendments or extensions or renewals thereof or thereto...is valid and enforceable and is now in full force and effect...", which statement and report, as the defendants AMILCAS ION LIVAS, a/k/a A. Ion Livas, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON then and there well knew, was false, and did overvalue property and security, to wit, the vessel Harilion, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $550,000 made by the said bank to the Harilion Compania Naviera, S.A., on or about January 22, 1971.

(Title 18, United States Code, Sections 1014 and 2).

COUNT FIFTEEN

The Grand Jury Further charges:

On or about the 8th day of February, 1971, in the Southern District of New York, AMILCAS ION LIVAS, a/k/a A. Ion Livas, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, the defendants, unlawfully, wilfully and knowingly, did make a false statement and report, to wit, "...that certain time charter party dated October 10, 1970, covering the Hellenic vessel S.S. ILION (hereinafter called the "Vessel") by and between the Assignor, as owner, and UNIMAR SEETRANSPORT GMBH (hereinafter called the "Charterer"), as charterer, and any and all amendments or extensions or renewals thereof or thereto...is valid and enforceable and is now in full force and effect...", which statement and report, as the defendants AMILCAS ION LIVAS, a/k/a A. Ion Livas, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON then and there well knew, was false, and did overvalue property and security, to wit, the vessel Ilion, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $550,000 made by the said bank to the Ilion Compania Naviera, S.A., on or about February 8, 1971.

(Title 18, United States Code, Sections 1014 and 2).

COUNT SIXTEEN

16

The Grand Jury Further charges:

On or about the 17th day of February, 1971, in the Southern District of New York, AMILCAS ION LIVAS, a/k/a A. Ion Livas, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, the defendants, unlawfully, wilfully and knowingly, did make a false statement and report, to wit, "...that certain time charter party dated December 10, 1970, covering the Hellenic vessel S.S. MARILION (hereinafter called the "Vessel") by and between the Assignor, as owner, and Japan Line Ltd. (hereinafter called the "Charterer"), as charterer, and any and all amendments or extensions or renewals thereof or thereto...is valid and enforceable and is now in full force and effect...", which statement and report, as the defendants AMILCAS ION LIVAS, a/k/a A. Ion Livas, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON then and there well knew, was false, and did overvalue property and security, to wit, the vessel Marilion, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $550,000 made by the said bank to the Marilion Compania Naviera, S.A., on or about February 17, 1971.

(Title 18, United States Code, Sections 1014 and 2).

COUNTS SEVENTEEN THROUGH TWENTY-TWO

The Grand Jury further charges:

1. From on or about the 1st day of October, 1970, up to and including the 1st day of October, 1971, in the Southern District of New York and elsewhere, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, the defendants, having devised and intended to devise a scheme and artifice to defraud the Bank of America N.T. and S.A., London, and to obtain money and property from the said bank by means of false and fraudulent pretenses, representations and promises, to wit, a loan of $4,000,000 to Deneb Navigation Corp., a subsidiary of Tidal Marine International Corp., unlawfully, willfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce, signs, signals, pictures and sounds, as hereinafter set forth, for the purpose of executing such scheme and artifice.

2. It was part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, the defendants, did falsely and fraudulently pretend and represent to the Bank of America N.T. and S.A., London, and officers and employees thereof, and did cause to be falsely and fraudulently represented to said bank and to officers and employees thereof, that the Deneb Navigation Corp., a subsidiary of Tidal Marine International Corp., had contracted to purchase the vessel Trechon for $5,500,000, whereas, in truth and in fact, the contracted purchase price of the Trechon from its sellers, Commercial Petrolera Latino-americana, was $3,500,000, reduced on or about December 7, 1970, to $3,385,000.

3. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, pursuant to the scheme and artifice to defraud and to obtain money and property by means of the false and fraudulent pretenses, representations and promises, as set forth in paragraph 2 hereof, did secure a loan from the Bank of America N.T. and S.A., London, on or about December 9, 1970, to Deneb Navigation Corp. in the amount of $4,000,000.

4. It was further part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, misrepr sentation and promises, that the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON did, on or about the 9th day of December, 1970, divert from the proceeds of the aforesaid loan $215,000 paid to Victory Development Corp., a corporation controlled by the defendant AMANATIDES, and $750,000 paid to Kowloon Tankship Co. Ltd., a company controlled by the defendant HANLON.

5. On or about the dates herinafter set forth, in the Southern District of New York, the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, for the purpose of executing such scheme and artifice, unlawfully, willfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce signs, signals, pictures and sounds, as follows: .

COUNT	FROM	TO	DATE
17	London, England	San Francisco, California	December 1, 1970
18	London, England	New York, New York	December 7, 1970
19	San Francisco, California	New York, New York	December 8, 1970
20	London, England	New York, New York	December 8, 1970
21	New York, New York	Caracas, Venezuela	December 8, 1970
22	London, England	New York, New York	December 8, 1970

(Title 18, United States Code, Sections 1343 and 2).

COUNT TWENTY-THREE

The Grand Jury further charges:

On or about the 17th day of January, 1971, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, the defendant, unlawfully, wilfully and knowingly, in a matter within the jurisdiction of a department and agency of the United States, to wit, the Securities and Exchange Commission, did falsify, conceal and cover up by trick, scheme and device a material fact, did make false, fictitious and fraudulent statements and representations, and did make and use false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries, to wit, the defendant AMANATIDES made and filed a report on Form 8-K for Tidal Marine International Corporation for December 1970, which was required to be filed with the Securities and Exchange Commission, and which stated that on December 9, 1970, the Registrant purchased the Trechon from Commercial Petrolera Latino Americana S.A. for a purchase price of $5,000,000, whereas in truth and in fact, as the defendant AMANATIDES then and there well knew, the above statement was false, fictitious and fraudulent in that the Registrant did not purchase the Trechon from Commerical Petrolera Latino Americana S.A. for $5,000,000.

(Title 18, United States Code, Sections 1001 and 2.)

COUNT TWENTY-FOUR

The Grand Jury further charges:

On or about the 22nd day of April, 1971, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a HARRY AMANATIDES, the defendant, unlawfully, wilfully and knowingly, in a matter within the jurisdiction of a department and agency of the United States, to wit, the Securities and Exchange Commission, did falsify, conceal and cover up by trick, scheme and device a material fact, did make false, fictitious and fraudulent statements and representations, and did make and use false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries, to wit, the defendant AMANATIDES made and filed Amendment No. 1 to a report on Form 8-K for Tidal Marine International Corporation for December, 1970, which was required to be filed with the Securities and Exchange Commission, which Amendment contained as an exhibit a Memorandum of Agreement stating that Deneb Navigation Corp. had bought the Petrolasa from Commercial Petrolera Latin Americana S.A. for a purchase price of $5,000,000, whereas, in truth and in fact, as the defendant AMANATIDES then and there well knew, the above statement was false, fictitious and fraudulent in that the Deneb Navigation Corp. did not purchase the Petrolosa from Commercial Petrolera Latino Americana S.A. for $5,000,000.

(Title 18, United States Code, Section 1001 and 2.)

COUNTS TWENTY-FIVE THROUGH THIRTY

The Grand Jury Further Charges:

1. From on or about the 1st day of June, 1970, up to and including the 1st day of October, 1971, in the Southern District of New York and elsewhere, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, and MICHAEL BLONSKY, the defendants, having devised and intended to devise a scheme and artifice to defraud the National Bank of North America, New York, New York, and to obtain money and property from the said bank by means of false and fraudulent pretenses, representations and promises, to wit, a $4,000,000 loan to Betelgeuse Navigation Corp., a subsidiary of Tidal Marine International Corp., for the purchase of the vessel Tama, ex Ninive, unlawfully, willfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce, signs, signals, pictures and sounds, as hereinafter set forth, for the purpose of executing such scheme and artifice.

2. It was part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that the defendant AMILCAS ION LIVAS a/k/a A. Ion Livas, signed a memorandum of agreement dated January 4, 1971, with Compagnie Navale Des Petroles, contracting to purchase the vessel Ninive, renamed Tama, at a price of $3,605,000 for Derwent Shipping Company Limited, a company acquired by the said AMILCAS ION LIVAS, a/k/a A. Ion Livas, in 1970.

3. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that in or about April, 1971, the defendant CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, did falsely and fraudulently pretend and represent to the National Bank of North

America, New York, New York, and officers thereof, that Tidal Marine International Corp. was acquiring the vessel Tama, ex Ninive, for $5 000,000 and that the vessel was chartered to Amoco for five years.

4. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that on or about the 23rd day of April, 1971 the defendant MICHAEL BLONSKY signed a fixture note on behalf of Interocean Brokerage Ltd., which company was controlled by the defendants AMILCAS ION LIVAS, a/k/a A. Ion Livas, and CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, falsely and fraudulently pretending and representing that the vessel Tama had been chartered to Amoco Japan Ltd. for five years under a charterparty dated April 14, 1971.

5. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that in or about April, 1971, the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, concealed and attempted to conceal his ownership and control of Derwent Shipping Company Ltd. and its purchase of the Tama from Compagnie Navale des Petroles for $3,605,000.

6. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that on or about the 22nd day of April, 1971, the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, wrote a letter to First National Bank of Boston, London Branch, directing a transfer on April 27, 1971, of the sum of $525,000 to the account of Finazur A.G. for the acquisition by Intercontinental Investment A.G. of certain shares and warrants of Tidal Marine International Corp., the said Intercontinental Investment A.G. being a corporation acquired by the said defendant AMILCAS ION

LIVAS, a/k/a A. Ion Livas, on or about the 28th day of October, 1970, and the aforesaid sum of $525,000 being a portion of the proceeds of the loan of $4,000,000 to be made to Betelgeuse Navigation Corp., a subsidiary of Tidal Marine International Corp., on April 26, 1971, by the National Bank of North America for the purchase of the vessel Tama.

7. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, caused a letter to be transmitted under date of April 26, 1971, to First National Bank of Boston, London, from Derwent Shipping Company Limited, directing the disposition of the proceeds of the $4,000,000 loan made by National Bank of North America to Betelgeuse Navigation Corp. on April 26, 1971, to finance the purchase of Tama, ex Minive, as follows:

$2,605,000 to Compaignie Navale des Petroles

$525,000 to Finazur A.G.

$850,000 to Barclay Investments Ltd.,

which aforesaid Barclay Investments Ltd. was a company controlled by the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, and which payment to Finazur A.G. was on behalf of Intercontinental Investment A.G., as described in paragraph 6 above.

On or about the dates hereinafter set forth, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, and MICHAEL BLONSKY, the defendants, for the purpose of executing such scheme and artifice, unlawfully, willfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce signs, signals, pictures and sounds, as follows:

COUNT	FROM	TO	DATE
25	New York, New York	London, England	April 20, 1971
26	London, England	New York, New York	April 21, 1971
27	New York, New York	London, England	April 22, 1971
28	London, England	New York, New York	April 23, 1971
29	New York, New York	London, England	April 27, 1971
30	London, England	New York, New York	April 27, 1971

(Title 18, United States Code, Sections 1343 and ?

COUNT THIRTY-ONE

The Grand Jury further charges:

On or about the 15th day of April, 1971, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, unlawfully, willfully and knowingly, did make false statements and reports, to wit, that the purchase price of the vessel Tama was $5,000,000 and that the vessel Tama had a five-year charter with Amoco, which statements and reports, as the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides and AMILCAS ION LIVAS, a/k/a A. Ion Livas, then and there well knew, were false, and did overvalue property and security, to wit, the vessel Tama, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $4,000,000 to the Betelgeuse Navigation Corp., a subsidiary of Tidal Marine International Corp., to finance the purchase of the vessel Tama, which loan was thereafter made by the said bank on or about April 26, 1971.

(Title 18, United States Code, Sections 1014 and 2).

COUNT THIRTY-TWO

The Grand Jury further charges:

On or about the 24th day of May, 1971, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, unlawfully, wilfully and knowingly, in a matter within the jurisdiction of a department and agency of the United States, to wit, the Securities and Exchange Commission, did falsify, conceal and cover up by trick, scheme and device a material fact, did make false, fictitious and fraudulent statements and representations, and did make and use false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries, to wit, the defendants AMANATIDES and LIVAS made and filed a report on Form 8-K for Tidal Marine International Corporation for April, 1971, which was required to be filed with the Securities and Exchange Commission, and which stated that on April 21, 1971, the Registrant purchased the Nineve, renamed the Tama, from Derwent Shipping Co., Ltd. for a purchase price of $5,000,000 cash, that the purchase was negotiated at arms length, that the Registrant had no prior affiliation with the seller, its affiliates nor any of its controlling persons and that the consideration paid was based on the best price that could be obtained in the open market, whereas in truth and in fact, as the defendants AMANATIDES and LIVAS then and there well knew, the above statement was false, fictitious and fraudulent in that (1) the purchase was not negotiated at arms length; (2) the Registrant had a prior affiliation with the seller, its affiliates and its controlling persons; and (3) the consideration paid was not based on the best price that could be obtained in the open market place.

(Title 18, United States Code, Section 1001 and 2.)

COUNT THIRTY-THREE

The Grand Jury further charges:

On or about the 23rd day of August, 1971, in the Southern District of New York, JOHN J. SHEVLIN, the defendant, unlawfully, willfully and knowingly, and with intent to defraud the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, and to deceive officers of such bank, specifically, members of the Shipping Division Loan Committee, did make a false entry in a book, report and statement of such bank, to wit, in a loan fact sheet concerning a proposed loan of $4,000,000 to Deneb Navigation Corp., a subsidiary of Tidal Marine International Corp., as follows:

> "NBNA
> Experience: ...Aggregate loan outstanding $5,477,000 against six (6) ships. Experience has been very good."

which entry, as the defendant JOHN J. SHEVLIN then and there well knew, was false.

(Title 18, United States Code, Sections 1005 and 2).

COUNT THIRTY-FOUR

The Grand Jury further charges:

On or about the 23rd day of August, 1971, in the Southern District of New York, JOHN J. SHEVLIN, the defendant, unlawfully, willfully and knowingly, did make a false statement and report, to wit:

"NBNA
Experience: ... Aggregate loan outstanding $5,477,000 against six (6) ships. Experience has been very good."

which statement and report, as the defendant JOHN J. SHEVLIN then and there well knew, was false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $4,000,000 to the Denob Navigation Corp.

(Title 18, United States Code, Section 1014 and 2).

COUNT THIRTY-FIVE

The Grand Jury further charges:

On or about the 28th day of September, 1971, in the Southern District of New York, GREGORY SPARTALIS and JOHN J. SHEVLIN, the defendants, being officers and employees of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did wilfully misapply moneys, funds, and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, to wit, $4,000,000 loaned to the Deneb Navigation Corp.

(Title 18, United States Code, Section 656 and 2).

COUNT THIRTY-SIX

The Grand Jury further charges:

1. From on or about the 1st day of January, 1971, up to and including the 1st day of January, 1973, in the Southern District of New York and elsewhere, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, the defendants, and Mark Scufalos, named herein as a co-conspirator but not as a defendant, unlawfully, wilfully and knowingly did combine, conspire confederate and agree together and with one another and with others to the Grand Jury known and unknown, to commit offenses against the United States, to wit, violations of Sections 1014 of Title 18, United States Code.

2. It was part of this conspiracy that CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and JAMES D. HANLON, the defendants, and Mark Scufalos, unlawfully, willfully and knowingly would and did make and cause to be made false statements and reports, knowing the same to be false, for the purpose of influencing the action of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $3,300,000, made August 11, 1971, to Eltanin Navigation Corp., Capella Navigation Corp., Bellatrix Navigation Corp., Canopus Navigation Corp., Aldebaran Navigation Corp., and Acamar Navigation Corp.

MEANS OF THE CONSPIRACY

Among the means by which the defendants and their co-conspirators would and did carry out the said conspiracy were the following:

3. In or about July 1971, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, the defendant, and Mark Scufalos, would and did make a false statement and report to the National Bank of North America, to wit, that Mark Scufalos

was seeking a loan to acquire the interests of his partners in six vessels, which statement and report, as the said AMANATIDES and Scufalos then and there well knew, was false.

4. On or about August 11, 1971, the defendant JAMES D. HANLON would and did act as attorney-in-fact for the six corporations listed in paragraph 2 above at a closing on a loan of $2,300,000 made to the aforesaid companies jointly by the National Bank of North America.

OVERT ACTS

In furtherance of said conspiracy and to effect the objects thereof, the defendants and their co-conspirators did commit the following overt acts, among others, in the Southern District of New York:

(1) In or about July, 1971, Mark Scufalos and CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, had a conversation with Joseph Metzger.

(2) On or about the 11th day of August, 1971, JAMES D. HANLON signed a loan agreement.

(Title 18, United States Code, Section 371).

COUNT THIRTY-SEVEN

The Grand Jury further charges:

On or about the 24th day of May, 1971, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, unlawfully, wilfully and knowingly, in a matter within the jurisdiction of a department and agency of the United States, to wit, the Securities and Exchange Commission, did falsify, conceal and cover up by trick, scheme and device a material fact, did make false, fictitious and fraudulent statements and representations, and did make and use false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries, to wit, the defendants AMANATIDES and LIVAS made and filed a report on Form 8-K for Tidal Marine International Corporation for April, 1971 which was required to be filed with the Securities and Exchange Commission, and which:

(1) Stated that on March 2, 1971 the Registrant entered into an agreement with Union Commerical Steamship Co. to purchase twelve dry cargo vessels for an aggregate purchase price of $14,020,000 and that, among other terms and conditions, the purchase price would be completed by a payment of 202,875 shares of the Registrant;

(2) Contained as Exhibit 5 thereto a Memorandum of Agreement dated March 2, 1971 between Union Commercial Steamship Co. and Tidal Marine International Corporation for the sale of twelve vessels stating, among other terms and conditions, those set forth in paragraph (1) next above and specifying that the vessels Triton and the Timi were among the ships sold to Tidal Marine International Corporation by Union Commercial Steamship Corp.;

whereas in truth and in fact, as the defendants AMANATIDES and LIVAS then and there well knew, the above statements

were false, fictitious, and fraudulent, in that the agreement between Tidal Marine International Corporation and Union Commercial Steamship Co. for the purchase of the twelve ships provided that the purchase price of $14,020,000 would be completed by a payment of $4,206,000 cash secured by 262,875 shares of Tidal Marine International Corporation stock and conveyed the vessels May and the June instead of the vessels Triton and Timi among the ships sold to Tidal Marine International Corporation. .

(Title 18, United States Code, Sections 1001 and 2.)

COUNT THIRTY-EIGHT

The Grand Jury further charges:

On or about the 15th day of November, 1971, in the Southern District of New York, JOSEPH METZGER and GREGORY SPARTALIS, the defendants, being officers and employees of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds, and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, to wit, $242,000.01, loaned to Eltanin Navigation Corp., Capella Navigation Corp., Bellatrix Navigation Corp., Canopus Navigation Corp., Aldebaran Navigation Corp., and Acamar Navigation Corp.

(Title 18, United States Code, Sections 656 and 2).

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COUNT THIRTY-NINE

The Grand Jury further charges:

On or about the 16th day of May, 1972, in the Southern District of New York, JOSEPH METZGER, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, to wit, $326,563 loaned to Calaxy Steamship Corp.

(Title 18, United States Code, Sections 656 and 2).

COUNTS FORTY THROUGH FORTY-TWO

The Grand Jury further charges:

On or about the 6th day of July, 1972, in the Southern District of New York, JOSEPH METZGER, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, as follows:

COUNT	AMOUNT LOANED	BORROWER
40	$115,000	Eltanin Navigation Corp.
41	$125,000	Aries Navigation Corp.
42	$125,000	Pisces Navigation Corp.

(Title 18, United States Code, Sections 656 and 2).

COUNT FORTY-THREE

The Grand Jury further charges:

On or about the 10th day of September, 1971, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, the defendant, unlawfully, willfully and knowingly, did make a false statement and report, to wit, that the vessels May and June were on charter for 3 years at $2,000 and $2,075 per day respectively, which statement and report, as the defendant AMANATIDES then and there well knew, was false, and did overvalue property and security to wit, the vessels May and June, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $1,700,000 to the May Shipping Co. Ltd. and the June Shipping Co. Ltd. jointly.

(Title 18, United States Code, Sections 1014 and 2).

COUNT FORTY-FOUR [illegible]

The Grand Jury further charges:

1. From on or about the 1st day of January 1971, up to and including the 1st day of March, 1972, in the Southern District of New York and elsewhere, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, having devised and intended to devise a scheme and artifice to defraud the Bank of America N.T. and S.A., London, and to obtain money and property from the said Bank by means of false and fraudulent pretenses, representations and promises, unlawfully, wilfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce, signs, signals, pictures and sounds, as hereinafter set forth, for the purpose of executing such scheme and artifice.

2. It was part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, did falsely and fraudulently pretend and represent and did cause to be falsely and fraudulently pretended and represented to the Bank of America N.T. and S.A., London and to officers and employees thereof that the vessels Michail A. Karageorgis, Ketty and Messiniaki Floga had been purchased for $3,500,000, $2,400,000 and $6,000,000 respectively, whereas truth and in fact the purchase price of the Michail A. Karageorgis, later renamed Tekton, was $2,400,000, the purchase price of the Ketty, later renamed Tropis, was $1,500,000 and the purchase price of the Messiniaki Floga, later renamed Tachys, was $5,000,000.

3. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, by means of the false and fraudulent pretenses, representations and promises as set forth in paragraph 2 hereof, did, in and about March through July, 1971, secure loans from the Bank of America N.T. and S.A. of $2,400,000, $1,350,000 and $3,250,000 to Antares Navigation Corp., Alkaid Navigation Corp. and Arcturus Navigation Corp., respectively.

4. On or about the dates hereinafter set forth, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, for the purpose of executing such scheme and artifice, unlawfully, wilfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce, signs, signals, pictures and sounds as follows:

COUNT	FROM	TO	DATE
44	New York, New York	London, England	April 29, 1971
45	London, England	New York, New York	April 29, 1971
46	New York, New York	London, England	May 4, 1971
47	London, England	New York, New York	May 18, 1971
48	London, England	New York, New York	July 19, 1971

(Title 18, United States Code, Sections 1343 and 2).

COUNT FOUR-TWELVE

The Grand Jury further charges:

On or about the 24th day of May, 1971, in the Southern District of New York, CHARALAMBOS ANANATIDES, a/k/a Harry Ananatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, unlawfully, wilfully and knowingly, in a matter within the jurisdiction of a department and agency of the United States, to wit, the Securities and Exchange Commission, did falsify, conceal and cover up by trick, scheme and device a material fact, did make false, fictitious and fraudulent statements and representations, and did make and use false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries, to wit, the defendants ANANATIDES and LIVAS made and filed a report on Form 8-K for Tidal Marine International Corporation for April, 1971, which was required to be filed with the Securities and Exchange Commission, and which:

(1) Stated that "On February 8, 1971, Registrant entered into an agreement with Laconic Maritime Corp. to purchase four oil tankers for an aggregate purchase price of $14,300,000. Pursuant to said agreement an aggregate of $10,000,000 cash payment is to be paid on delivery of the vessels. Also pursuant to the agreement, Registrant agreed to issue 252,940 shares as security for correct fulfillment of the agreement and in lieu of a cash down payment. . . . Registrant took delivery of one of these vessels, the Tachys ex Messiniaki Floga, in April, 1971";

(2) Contained as Exhibit 1 thereto a Memorandum of Agreement stating, among other terms and conditions, that Tidal Marine International Corp. had bought the vessels Messiniaki Floga, Messiniaki Armonia, Ketty and Michail A. Karageogis for cash ($10,000,000) and common stock of Tidal Marine International Corp. (252,940 shares), aggregating $14,300,000, from Laconic Maritime Corp.;

whereas in truth and in fact, as the defendants ANASTOPOULOS and LIVAS then and there well knew, the above statements were false, fictitious and fraudulent in at least the following respects:

(a) Laconic Maritime Corp. never owned or sold the Messiniaki Floga, Messiniaki Armonia, Hetty or Michail A. Karageorgis;

(b) Tidal Marine International Corp did not purchase any of the above four ships from Laconic Maritime Corp;

(c) Tidal Marine International Corp. did not purchase the above four ships for a price of cash ($10,000,000) and stock of Tidal Marine International Corp. (252,940 shares) aggregating $14,300,000.

(Title 18, United States Code, Sections 1001 and 2.)

COUNT FIFTY 50

The Grand Jury further charges:

On or about the 2nd day of August, 1972, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and MILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, unlawfully, wilfully and knowingly, in a matter within the jurisdiction of a department and agency of the United States, to wit, the Securities and Exchange Commission, did falsify, conceal and cover up by trick, scheme and device a material fact, did make false fictitious and fraudulent statements and representations, and did make and use false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries, to wit, said defendants AMANATIDES and LIVAS made and filed an annual report on Form 10-K for Tidal Marine International Corporation's fiscal year ended December 31, 1971, which was required to be filed with the Securities and Exchange Commission, and which stated in Note J (7) to the Financial Statements for the year ended December 31, 1971, contained therein, that:

(1) On February 8, 1971, the company entered into an agreement to purchase four vessels with specified time charters for cash and Common Stock of the Company (252,940 shares) aggregating approximately $13,000,000;

(2) The Company entered into a supplemental agreement with the seller which provided, among other matters, for the seller to charter the vessels from the Company through December 31, 1971 at charter rates equivalent to the time charter rates contemplated in the original agreement and the seller to continue his charter obligations with the original existing charterers of such vessels;

(3) the excess of the contemplated charter revenue over the charter revenue received from the existing

charterers amounted to $1,600,000 and is to be paid within a specified period after the seller received the 1971 financial statements;

(4) in anticipation of the receipt of the 1971 financial statements, the seller gave the company post dated checks payable July 22, 1972;

(5) On June 9, 1972, in order to effect collection, the Company endorsed these checks to the managing agent company in exchange for $600,000 in cash and in repayment of a noninterest bearing loan of $1,000,000 by a company owned by the president of the managing agent company;

whereas in truth and in fact, as the defendants AMANATIDES and LIVAS then and there well knew, the above statements were false, fictitious and fraudulent in at least the following respects:

(a) the agreement to purchase the four vessels was not for cash and Common Stock of the Company (252,940 Shares) aggregating approximately $13,000,000;

(b) the Company never entered into a supplemental agreement with the seller concerning the charters on the four ships as described in subparagraph 2 hereof;

(c) the seller never became obligated to pay the Company $1,600,000 pursuant to such supplemental agreement;

(d) the seller never gave checks to the Company in discharge of this obligation, and the Company never endorsed any such checks to a third party.

(Title 18, United States Code, Sections 1001 and 2).

COUNT FIFTY-ONE

The Grand Jury further charges:

1. From on or about the 1st day of January, 1971, up to and including the first day of January, 1973, in the Southern District of New York and elsewhere, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, COSTAS NASLAS, PAUL KATRITSIS, MICHAEL BLONSKY, and JAMES D. FANLON, the defendants, unlawfully, willfully and knowingly did combine, conspire, confederate and agree together and with one another and with others to the Grand Jury known and unknown to commit offenses against the United States, to wit, violations of Section 1014 of Title 18, United States Code.

2. It was part of said conspiracy that the defendants and their co-conspirators, unlawfully, willfully and knowingly would and did make false statements and reports, knowing the same to be false, and would and did overvalue property and security for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corp., upon a loan of $5,500,000 made jointly to Aries Navigation Corp. and Pisces Navigation Corp. on or about December 24, 1971.

MEANS OF THE CONSPIRACY

Among the means by which the defendants and their co-conspirators would and did carry out the said conspiracy were the following:

3. On or about the 25th day of February, 1971, the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, would and did form and cause to be formed a corporation named Union Commercial Shipping Company Limited for the purpose of falsely and fraudulently representing that the transactions entered into by the aforesaid corporation were transactions

by Mark Scufalos and Union Commercial Steamship Company.

4. In or about December, 1971, the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, ANILCAS ION LIVAS, a/k/a A. Jon Livas, and MICHAEL BLONSKY would and did prepare and cause the preparation of two false, fraudulent and fictitious time charter parties as follows: (1) under date of November 24, 1970, between BP Tanker Company Limited and Antares Navigation Corp. on the vessel Tekton for five years; and (2) under date of December 7, 1970, between BP Tanker Company Limited and Alkaid Navigation Corp. on the vessel Tropis for five years.

5. In or about December, 1971, the defendant MICHAEL BLONSKY would and did sign the name "Ashford" to the aforesaid time charter parties, purportedly reflecting agreement to the aforesaid charter parties by BP Tanker Company Ltd.

6. In or about December, 1971, the defendant CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, would and did sign his name to the aforesaid time charter parties on behalf of Antares Navigation Corp. and Alkaid Navigation Corp.

7. On or about the 24th day of December 1971, the defendant PAUL KATRITSIS would and did execute two "Assignment[s] of moneys due and to become due" on the aforesaid time charter parties in favor of National Bank of North America.

8. On or about the 24th day of December, 1971, the defendant PAUL KATRITSIS would and did sign documents reciting that 100% of the outstanding shares of Aries Navigation Corp. and Pisces Navigation Corp. had been owned by Union Commercial Shipping Co. for one year.

OVERT ACTS

In furtherance of said conspiracy and to effect

the objects thereof, the defendants did commit the following overt acts, among others, in the Southern District of New York:

1. On or about the 24th day of December, 1971, PAUL KATRITSIS signed "Assignement[s] of moneys due and to become due" on the above described purported time charter parties between BP Tanker Company Ltd. and Alkaid Navigation Corp. and Antares Navigation Corp.

2. On or about the 24th day of December, 1971, CHARALAMBOS ANANATIDIS, a/k/a Harry Amanatides, and JAMES D. HANLON had a conversation.

3. On or about the 30th day of December, 1971, COSTAS NASLAS and JAMES D. HANLON signed a power of attorney.

(Title 18, United States Code, Section 371).

COUNT FIFTY-TWO

The Grand Jury further charges:

On or about the 8th day of December, 1971, in the Southern District of New York, JOSEPH METZGER, the defendant, unlawfully, willfully and knowingly, and with intent to defraud the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, and to deceive officers of such bank, specifically, members of the Shipping Loan Committee, did make a false entry in a book, report and statement of such bank, to wit, in a loan offering sheet concerning a proposed loan of $5,500,000 to corporations to be formed, c/o Union Commercial Steamship Co., Piraeus, Greece, as follows:

"DIRECT AND B/RS
$3,025,000"

which entry, as the defendant JOSEPH METZGER then and there well knew, was false.

(Title 18, United States Code, Sections 1005 and 2).

COUNT FIFTY-EIGHT

The Grand Jury further charges:

On or about the 8th day of December, 1971, in the Southern District of New York, JOSEPH METZGER, the defendant, unlawfully, wilfully and, knowingly, did make a false statement and report, to wit,

"DIRECT AND E/ES
$3,025,000"

which statement and report, as the defendant JOSEPH METZGER then and there well knew, was false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $5,500,000 to two corporations to be formed c/o Union Commercial Steamship Co., Piraeus, Greece.

(Title 18, United States Code, Sections 1014 and 2).

COUNT FIFTY-FOUR

The Grand Jury Further Charges:

On or about the 8th day of December, 1971, in the Southern District of New York, JOSEPH METZGER, the defendant, unlawfully, willfully and knowingly, and with intent to defraud the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, and to deceive officers of such bank, specifically, members of the Shipping Division Loan Committee, did make a false entry in a book, report and statement of such bank, to wit, in a loan fact sheet concerning a proposed loan of $5,500,000 to two corporations to be formed, c/o Union Commercial Steamship Co., Piraeus, Greece, as follows:

"Comments: *** Mark is a very conservative operator and has always lived up to his obligations here at National Bank of North America."

which entry, as the defendant JOSEPH METZGER then and there well knew, was false.

(Title 18, United States Code, Sections 1005 and 2).

COUNT TWENTY-FIVE

The Grand Jury further charges:

On or about the 8th day of December, 1971, in the Southern District of New York, JOSEPH METZGER, the defendant, unlawfully, willfully and knowingly, did make a false statement and report, to wit,

> "Comments: *** Mark is a very conservative operator and has always lived up to his obligations here at National Bank of North America."

which statement and report, as the defendant JOSEPH METZGER then and there well knew, was false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $5,500,000 to two corporations to be formed, c/o Union Commercial Steamship Co., Piraeus, Greece.

(Title 18, United States Code, Sections 1014 and 2).

COUNT FIFTY-SIX

The Grand Jury further charges:

On or about the 24th day of December, 1971, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, JAMES D. HANLON, and PAUL KATRITSIS, the defendants, unlawfully, wilfully and knowingly, did make a false statement and report, to wit, that 100% of the shares of Pisces Navigation Corp. had been owned by Union Commercial Shipping Co. for one year, which statement and report, as the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, JAMES D. HANLON and PAUL KATRITSIS then and there well knew, was false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $5,500,000 to Aries Navigation Corp., and Pisces Navigation Corp., jointly.

(Title 18, United States Code, Sections 1014 and 2).

COUNT [illegible]

The Grand Jury further charges:

On or about the 24th day of December, 1971, in the Southern District of New York, CHARALAMBOS ANANATIDES, a/k/a Harry Ananatides, JAMES D. HANLON and PAUL KATRITSIS, the defendants, unlawfully, willfully and knowingly, did make a false statement and report, to wit, that 100% of the shares of Aries Navigation Corp. had been owned by Union Commercial Shipping Co. for a period of one year, which statement and report, as the defendants CHARALAMBOS ANANATIDES, a/k/a Harry Ananatides, JAMES D. HANLON and PAUL KATRITSIS, then and there well knew, was false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $5,500,000 to Aries Navigation Corp. and Pisces Navigation Corp. jointly.

(Title 18, United States Code, Sections 1014 and 2).

COUNT FIFTY-EIGHT

The Grand Jury further charges:

On or about the 24th day of December, 1971, in the Southern District of New York, CHARALAMBOS ANANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, PAUL KATRITSIS and MICHAEL BLONSKY, the defendants, unlawfully, willfully and knowingly, did make a false statement and report, to wit, "... that certain Time Charter Party dated November 24, 1970, between ANTARES NAVIGATION CORP. and BP TANKERS COMPANY LIMITED, providing for the time chartering of the TEKTON and which has been assigned through an Addendum No. 1, dated December , 1971 to the Assignor (said Time Charter, as the same may hereafter be further amended or supplemented, being herein called "Time Charter")... is in full force and effect and enforceable in accordance with its terms...", which statement and report, as the defendants CHARALAMBOS ANANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, PAUL KATRITSIS and MICHAEL BLONSKY then and there well knew, was false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $5,500,000 made jointly to the Aries Navigation Corp. and Pisces Navigation Corp. by the said bank on or about December 24, 1971.

(Title 18, United States Code. Sections 1014 and 2).

COUNT FIFTY-FOUR

The Grand Jury further charges:

On or about the 24th day of December, 1971, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, PAUL KATRITSIS and MICHAEL BLONSKY, the defendants, unlawfully, willfully and knowingly, did make a false statement and report, to wit, "...that certain Time Charter party dated December 7, 1970 between ALKAID NAVIGATION CORP. and BP TANKERS COMPANY LIMITED, providing for the time chartering of the TROPIS and which has been assigned through an Addendum No. 1 dated December , 1971 to the Assignor (said Time Charter, as the same may hereafter be further amended or supplemented, being herein called "Time Charter")... is in full force and effect and enforceable in accordance with its terms...", which statement and report, as the defendant CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, PAUL KATRITSIS and MICHAEL BLONSKY, then and there well knew, was false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $5,500,000 made jointly to the Aries Navigation Corp. and Pisces Navigation Corp. by the said bank on or about December 24, 1971.

(Title 18, United States Code, Sections 1014 and 2).

COUNT SIXTY

The Grand Jury further charges:

On or about the 14th day of October, 1974, in the Southern District of New York, MILCAS ION LIVAS, a/k/a A. Ion Livas, the defendant, unlawfully, willfully and knowingly did corruptly endeavor to influence, obstruct and impede the due administration of justice, to wit, an investigation into the affairs of Tidal Marine International Corp. being then conducted by an additional Grand Jury for the Southern District of New York empaneled December 11, 1973, by submitting to the City of London Police two false, fictitious, and fraudulent letters as hereinafter reproduced:

UNION COMMERCIAL STEAMSHIP COMPANY
LEMOS MARITIME BLDG.
ARTI MIAOULI 38-38
PIRAEUS 0 - GREECE

TELEPHONES:
422.662-422.983
BUSINESS HOURS
LEALCS 806.209
CHAS 802.184
ANONITOS 801.622

CABLES:
UNICOMMSHIP, PIRAEUS
TELEX: 5217

Mr. H. Amanatides
Tidal Marine International Corp.,
80 Pine Street
New York, N.Y. 10005

17th September 1971.

Dear Harry,

Re: BP Charters m.t. TEKTON
& m.t. TROPIS

Enclosed please find the Charter Parties for the extended 5 Year Charters on the above vessels, duly signed by Charterers.

Sincerely,

AIV-10?

ature of witness(es)

UNION COMMERCIAL STEAMSHIP COMPANY

LEBA & MARITIME BLDG.

PHAROS P. GREEK

TELEPHONES

CABLES

TELEX 5617

Mr. H. Amanatides
Tidal Marine International Corp.,
80 Pine Street
New York, N.Y. 10005.

2nd September 1971.

Dear Harry,

Re: m.t. TEKTON & m.t. TROPIS -
BP Charters.

Kindly sign and return the enclosed Charter Parties on the above vessels for the re-negotiated 5 Year period so that they may be forwarded to Charterers for their signature.

Sincerely,

(Title 18, United States Code, Section 1503).

COUNT SIXTY-ONE

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The Grand Jury further charges:

On or about the 28th day of September, 1970, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, unlawfully, wilfully and knowingly, in a matter within the jurisdiction of a department and agency of the United States, to wit, the Securities and Exchange Commission, did falsify, conceal and cover up by trick, scheme and device a material fact, did make false, fictitious and fraudulent statements and representations, and did make and use false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries, to wit, the defendants AMANATIDES and LIVAS made and filed a report on Form 8-K for Tidal Marine International Corporation for July, 1970, which was required to be filed with the Securities and Exchange Commission, and which stated that on July 6, 1970, the Company purchased the Kara Sea, renamed the Aris, for a purchase price of $2,980,000 cash and 25,000 shares of Tidal Marine common stock from Barclay Investments Ltd., that the purchase was negotiated at arms length, that the Registrant had no prior affiliation with the seller, its affiliates nor any of their controlling persons and that the consideration paid for the ship was based on the best price that could be obtained in the open market place, whereas in truth and in fact, as the defendants AMANATIDES and LIVAS then and there well knew, the above statement was false, fictitious and fraudulent in that (1) the purchase was not negotiated at arms length; (2) the Registrant had a prior affiliation with the seller, its affiliates and its controlling persons; and (3) the consideration paid for the ship was not based on the best price that could be obtained in the open market place.

(Title 18, United States Code, Sections 1001 and 2.)

COUNT [illegible]-TWO

The Grand Jury further charges:

1. From on or about the 1st day of June, 1971, up to and including the 1st day of January, 1973, in the Southern District of New York and elsewhere, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, MICHAEL BLONSKY and COSTAS NASLAS, the defendants, unlawfully, willfully and knowingly, did combine, conspire, confederate and agree together and with one another and with others to the Grand Jury known and unknown, to commit offenses against the United States, to wit, violations of Title 18, United States Code, Section 1014.

2. It was part of said conspiracy that the defendants and their co-conspirators, unlawfully, willfully and knowingly, would and did make false statements and reports, to wit, that the vessel Aris had been chartered for 60 months by Wintershall AG of Kassel, Germany, from Leo Navigation Corp., which statements and reports, as the defendants and their co-conspirators then and there well knew, were false, and would and did overvalue property and security, to wit, the vessel Aris, for the purpose of influencing the action of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $4,266,000 made to Spartan Pride Shipping Company Limited or or about December 29, 1971.

MEANS OF THE CONSPIRACY

Among the means by which the defendants and their co-conspirators would and did carry out the said conspiracy were the following:

3. In or about November or December, 1971, the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides and MICHAEL BLONSKY would and did prepare and cause the preparation of a false, fraudulent and fictitious time charter

party between Leo Navigation Corp., a subsidiary of Tidal Marine International Corp., and Wintershall A.G. of Kassel, Germany, purporting to reflect the existence of a 60 month charter by the aforesaid Wintershall A.G. of Kassel, Germany, on the vessel Aris from the aforesaid Leo Navigation Corp.

4. On or about December 29, 1971, the defendant COSTAS MASLAS would and did sign a contract conveying the vessel Aris from Leo Navigation Corp. to Spartan Pride Shipping Co. Ltd., which contract warranted that the vessel Aris had been time chartered to Wintershall AG for a period of 60 months.

OVERT ACTS

In furtherance of said conspiracy and to effect the objects thereof, the defendants did commit the following overt act, among others, in the Southern District of New York:

On or about the 29th day of December, 1971, COSTAS MASLAS signed a contract conveying the vessel Aris from Leo Navigation Corp. to Spartan Pride Shipping Co. Ltd.

(Title 18, United States Code, Section 371.)

COUNT SIXTY-THREE

The Grand Jury further charges:

On or about the 29th day of December, 1971, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, COSTAS KASLAS, and MICHAEL BLONSKY, the defendants, unlawfully, wilfully and knowingly, did make a false statement and report, to wit, that the vessel Aris "... has been time chartered to Wintershall A.G., of Kassel, Germary, under Contract of charter party dated November 16, 1971 (hereinafter called the "Wintershall Charter") the term of which Wintershall Charter will be 60 months more or leass [sic], at charterer's option...", which statement and report, as the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, COSTAS KASLAS, and MICHAEL BLONSKY then and there well knew, was false, and did overvalue property and security, to wit, the vessel Aris, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $4,266,000 to Spartan Pride Shipping Company Limited.

(Title 18, United States Code, Sections 1014 and 2.)

COUNT SEVENTEEN.

The Grand Jury further charges:

On or about the 27th day of December, 1971, in the Southern District of New York, the defendant GREGORY SPARTALIS, who was then an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, aided and abetted by the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, did unlawfully, willfully and knowingly receive and agree to receive a fee, commission, gift and thing of value, to wit, $200,000, from the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, for procuring and endeavoring to procure loans from said bank as hereinafter set forth:

Borrowers	Amount	Date
Aries Navigation Corp. Pisces Navigation Corp.	$ 5,500,000	December 24, 1971
Spartan Pride Shipping Co. Ltd.	$ 4,266,000	December 29, 1971

(Title 18, United States Code, Sections 215 and 2.)

COUNT SEVENTY

The Grand Jury Further charges:

1. From or about the 1st day of January, 1971, up to and including the 1st day of January, 1973, in the Southern District of New York, and elsewhere, CHARALAMBOS ANANATIDES, a/k/a Harry Ananatides, ANILCAS ION LIVAS, a/k/a A. Ion Livas, MICHAEL BLONSKY, COSTAS BASLAS, PAUL KATRITSIS, and JAMES D. HANLON, the defendants, unlawfully, wilfully and knowingly, did combine, conspire, confederate and agree together and with one another and with others to the Grand Jury known and unknown to commit offenses against the United States, to wit, violations of Section 1014 of Title 18, United States Code.

2. It was part of said conspiracy that the defendants and their co-conspirators, unlawfully, wilfully, and knowingly, would and did make false statements and reports, to wit, that the vessel Tachys would be and had been time chartered to BP Tanker Company Ltd. for a period of five years, which statements and reports, as the defendants and their co-conspirators then and there well knew, were false, and would and did overvalue property and security, to wit, the vessel Tachys, for the purpose of influencing the action of the National Bank of America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan made February 4, 1972, to Spartan Endeavor Shipping Co. Ltd. in the amount of $4,500,000, and, thereafter, for the purposing of influencing the action of the aforesaid bank on any change in the status of the loan, by deferment of action.

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MEANS OF THE CONSPIRACY

Among the means by which the defendants and their co-conspirators would and did carry out the said conspiracy were the following:

3. In or about December, 1971, and January and February, 1972, the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, and MICHAEL BLONSKY, would and did prepare and cause the preparation of a false, fraudulent and fictitious time charter party under date of November 20, 1971, refecting the chartering of the vessel Tachys from Spartan Endeavor Shipping Co. Ltd. by BP Tanker Company Ltd. for five years.

4. In or about December, 1971 and January and February, 1972, the defendant MICHAEL BLONSKY would and did sign the name "Ashford" to the aforesaid charter party, purportedly reflecting agreement to the aforesaid charter party by BP Tanker Company Ltd.

5. In or about December, 1971, and January and February, 1972, the defendant PAUL KATRITSIS would and did sign the aforesaid charter party on behalf of Spartan Endeavor Shipping Co. Ltd.

6. In or about February, 1972, the defendant PAUL KATRITSIS would and did cause the signing of a Secretary's Certificate by the purported secretary of Spartan Endeavor Shipping Co. Ltd., attesting to the validity and completeness of a copy of the aforesaid charter party affixed thereto, for submission to the National Bank of North America.

7. On or about the 4th day of February, 1972, the defendant COSTAS NASLAS signed a letter addressed to National Bank of North America which stated, in part:

"There is in existence between Endeavor and IT Tankers Limited a time charter dated November 20, 1971, for the TACHYS for a period of five years at the rate of pounds sterling 2.008 per deadweight ton per month."

OVERT ACTS

In furtherance of said conspiracy and to effect the objects thereof, the defendants did commit the following overt acts, among others, in the Southern District of New York:

1. On or about the 4th day of February, 1972, COSTAS MISIAS signed a letter addressed to the National Bank of North America.

2. On or about the 7th day of February, 1972, JAMES D. HANLON signed a letter addressed to Michael Panayotopulos.

(Title 18, United States Code, Section 371.)

COUNT FIFTY-SIX

The Grand Jury further charges:

On or about the 4th day of February, 1972, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, MICHAEL BLONSKY, COSTAS NASLAS, PAUL KATRITSIS, and JAMES D. HANLON, the defendants, unlawfully, wilfully and knowingly, did make a false statement and report, to wit, "...There is in existence between Endeavor and BP Tankers Ltd. a time charter dated November 20, 1971 for the TACHYS for a period of five years at the rate of pounds sterling 2.008 per dead weight ton per month," which statement and report, as the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, MICHAEL BLONSKY, COSTAS NASLAS, PAUL KATRITSIS and JAMES D. HANLON then and there well knew, was false, and did overvalue property and security, to wit, the vessel Tachys, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $4,500,000 to the Spartan Endeavor Shipping Company Limited, which loan was made by the aforesaid bank on or about the 4th day of February, 1972.

(Title 18, United States Code, Sections 1014 and 2.)

COUNT SIXTY-SEVEN

The Grand Jury further charges:

1. From on or about the 1st day of September, 1970, up to and including the 1st day of January, 1973, in the Southern District of New York and elsewhere, CHARALAMBOS AMARATIDES, a/k/a Harry Amaratides, ANILCAS ION LIVAS, a/k/a A. Ion Livas, and JAMES D. HANLON, the defendants, unlawfully, willfully and knowingly did combine, conspire, confederate, and agree together and with one another and with others to the Grand Jury known and unknown, to commit offenses against the United States, to wit, violations of Section 1014 of Title 18, United States Code.

2. It was part of said conspiracy that the defendants and their co-conspirators, unlawfully, willfully and knowingly, would and did make false statements and reports, knowing the same to be false, and would and did overvalue property and security for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $1,500,000 made February 11, 1972, to Southeast Tanker Company Limited.

Means of the Conspiracy

Among the means by which the defendants and their co-conspirators would and did carry out the said conspiracy were the following:

3. On or about the 29th day of September, 1970,

the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, acquired a company named Scandinavian and World Navigation Company Ltd.

4. In or about October, 1970, in London, England, the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, acquired Brent Shipping Company Ltd.

5. On or about the 7th day of June, 1971, the defendant JAMES D. HANLON caused the formation of Southeast Tanker Company Ltd.

6. On or about the 8th day of July, 1971, the defendant JAMES D. HANLON wrote a letter to Irving Trust Company, London, England, directing the transfer of $79,500 from the account of Kowloon Tankship Company Limited, an account controlled by the said JAMES D. HANLON and his wife, Alice E. Hanlon, to a joint account maintained at Hambros Bank, London, England, by Brent Shipping Company Limited and Tonnevolds Tankrederi A/S of Grimstad, Norway, which $79,500 represented a 10% down payment on the purchase of the vessel Thorhild, later renamed Aquario, from Tonnevolds Tankrederi A/S by Brent Shipping Co. Ltd.

7. On or about the 11th day of July, 1971, at 2 Chesterfield Hill, London, England, the defendant JAMES D. HANLON prepared corporate resolutions for Southeast Tanker Company Ltd., authorizing the purchase of the vessel Thorhild, later renamed Aquario, from Brent Shipping Company Limited.

8. On or about the 12th day of July, 1971, in London, England, the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, as president of Southeast Tanker Company Ltd., executed the resolutions referred to in paragraph 7 above.

9. On or about the 15th day of July, 1971, 500 shares of stock in Southeast Tanker Company Ltd. were issued, 250 among them to Scandinavian World Navigation Co. Ltd. and 100 among them to Kowloon Tankship Company Limited.

10. On or about the 16th day of July, 1971, Southeast Tanker Company Limited obtained a loan in the amount of $780,000 from the First National Bank of Boston, London, to finance the purchase of the vessel Thorhild, renamed Aquario. The loan was guaranteed by the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, and by Transoceanic Shipping Co. of Piraeus Ltd., a company controlled by the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas. Of the proceeds of the said loan, $260,000 were diverted to the account of Barclay Investments Ltd., a company controlled by the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, were thence transferred to the account of Transoceanic Shipping Company of Piraeus Ltd., and from that account were, along with $455,000 of the loan proceeds from the account of Southeast Tanker Company Limited, transferred, on the instructions of the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, to Tonnevolds Tankrederi to pay the balance of $715,000 due on the purchase vessel Thorhild, renamed Aquario, by Brent Shipping Co. Ltd.

11. On or about the 16th day of July, 1971, the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, as president

of Southeast Tanker Company Ltd. executed in London, England, an assignment to the First National Bank of Boston of the of the revenues of a time charter for two years and nine months on the vessel Thorhild, renamed Aquario, with Compania Shell de Venezuela Ltd., commencing in August or September, 1971.

12. On or about the 16th day of July, 1971, the defendant JAMES D. HANLON registered two bills of sale for the vessel Thorhild, renamed Aquario, with the Deputy Commissioner for Maritime Affairs of the Republic of Liberia in New York, New York. The first of the said bills of sale conveyed the vessel from Tonnevelds Tankrederi to Brent Shipping Company Limited at a purchase price of $795,000; the second of said bills of sale conveyed the vessel from Brent Shipping Company Limited to Southeast Tanker Company Limited for $1,300,000, which bill of sale was signed on behalf of Brent Shipping Company Limited by Paul Katritsis, nephew of the defendant CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides.

13. On or about the 16th day of July, 1971, the defendant JAMES D. HANLON, as attorney-in-fact for the Southeast Tanker Company Limited, executed a first preferred mortgage on the vessel Thorhild, renamed Aquario, in favor of First National Bank of Boston, London, England, and registered the said mortgage with the Deputy Commissioner for Maritime Affairs of the Republic of Liberia in New York, New York.

14. In or about January or February, 1972, at 2 Chesterfield Hill in London, England, the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, prepared and caused the preparation of a false, fraudulent and fictitious charterparty

between Compania Shell de Venezuela Ltd. and Southeast Tanker Company Ltd., which false, fraudulent and fictitious charterparty reflected that Compania Shell de Venezuela Ltd. had chartered the vessel Aquario for a period of three years and six months.

15. In or about January or February, 1972, the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, did sign his name to the false, fraudulent and fictitious charterparty described in the paragraph next above, and did forge and cause to be forged upon the said charterparty the signature of Captain Gerard Nout, an authorized signatory of charterparties for Compania Shell de Venezuela Ltd.

16. In or about February, 1972, the defendant JAMES D. HANLON did furnish to the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, and to its attorney, a copy of the false, fraudulent and fictitious charterparty described in the paragraphs 14 and 15 above, annexed to a "President's Certificate" falsely attesting to the completeness and validity of the copy of the said false, fraudulent and fictitious charterparty.

17. On or about the 11th day of February, 1972, the defendant JAMES D. HANLON did execute a loan agreement with the aforesaid National Bank of North America as attorney-in-fact for Southeast Tanker Company Limited, under which agreement the said National Bank of North America agreed to loan $1,500,000 to Southeast Tanker Company Limited. The said loan agreement signed by the defendant JAMES D. HANLON

falsely and fraudulently recites that the vessel Aquario was on charter to Compania Shell de Venezuela Ltd. for a period of three years and six months, said charter having commenced in August, 1971.

18. On or about the 11th day of February, 1972, the proceeds of the $1,500,000 loan from National Bank of North America were deposited in the account of Southeast Tanker Company Limited at National Bank of North America.

19. On or about the 14th day of February, 1972, $100,000 of the proceeds of the said loan were transferred to the account at National Bank of North America of Ionic Shipping Agency Ltd., a company controlled by the defendant CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides.

20. On or about the following dates, in the amounts set forth, portions of the proceeds of the aforesaid loan by National Bank of North America were distributed as follows from the account of Southeast Tanker Company Limited at First National Bank of Boston, London, to which $1,200,000 of the loan proceeds were transferred on or about February 11, 1972:

DATE	AMOUNT	RECIPIENT
February 14, 1972	$200,000	Barclay Investments Ltd.
February 16, 1972	$200,000	Eldorado Investments Ltd.
February 24, 1972	$120,000	Barclay Investments Ltd.
March 2, 1972	$ 25,000	Eldorado Investments Ltd.

At all times relevant hereto, Barclay Investments Ltd. was controlled by the defendant AMILCAS ION LIVAS, a/k/a A. Ion Livas, and Eldorado Investments Ltd. was controlled by the defendant CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides.

OVERT ACTS

In furtherance of said conspiracy and to effect the objects thereof, the defendants did commit the following overt acts, among others, in the Southern District of New York:

1. On or about the 14th day of July, 1971, JAMES D. HANLON did prepare and submit to the Deputy Commissioner for Maritime Affairs of the Republic of Liberia, New York, New York, two Applications for Official Number, Call Sign and Registration of Vessel for the Thorhild, to be renamed Aquario, one as the property of the Brent Shipping Company Limited and the other as the property of Southeast Tanker Company Limited.

2. On or about the 11th day of February, 1972, JAMES D. HANLON signed a loan agreement between Southeast Tanker Company Limited and National Bank of North America.

(Title 18, United States Code, Section 371).

COUNT SEVEN - EIGHT

The Grand Jury further charges:

On or about the 11th day of February, 1972, in the Southern District of New York, AMILCAS ION LIVAS, a/k/a A. Ion Livas, CHARALAMBOS ANANATIDES, a/k/a Harry Ananatides, and JAMES D. HANLON, the defendants, unlawfully, wilfully and knowingly, did make a false statement and report, to wit, that the vessel Aquario "...is performing under that 3 1/2 year time charter of the Vessel to Cia. Shell de Venezuela Ltd. dated June 1, 1971 ("the "Aquario Charter"), performance under which Charter commenced on August 1971", which statement and report, as the defendants AMILCAS ION LIVAS, a/k/a A. Ion Livas, CHARALAMBOS ANANATIDES, a/k/a Harry Ananatides, and JAMES D. HANLON then and there well knew, was false, and did overvalue property and security, to wit, the vessel Aquario, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $1,500,000 made by the said bank to Southeast Tanker Company Limited on or about February 11, 1972.

(Title 18, United States Code, Sections 1014 and 2).

COUNT ONE

The Grand Jury further charges:

1. From on or about the 1st day of February, 1972, up to and including the first day of January, 1973, in the Southern District of New York and elsewhere, CHARALAMBOS ANANATIDES, a/k/a Harry Ananatides, ANILCAS ION LIVAS, a/k/a A. Ion Livas, COSTAS HASLAS, MICHAEL MOKSEY, JAMES D. MANLON, GREGORY SPARTALIS, JOSEPH METZGER, and JOHN J. SHEVLIN, the defendants, unlawfully, wilfully and knowingly did combine, conspire, confederate and agree together and with one another and with others to the Grand Jury known and unknown to commit offenses against the United States, to wit, violations of Sections 1014 and 1343 of Title 18, United States Code.

2. It was part of said conspiracy that the defendants and their co-conspirators unlawfully, willfully and knowingly, would and did make false statements and reports, knowing the same to be false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $3,200,000 made June 16, 1972, to Epidavros Shipping Company Ltd. for the acquisition of the vessel Tagma, ex Santa Isabella.

3. It was part of said conspiracy that the defendants and their co-conspirators, having devised and intended to devise a scheme and artifice to defraud the National Bank of North America and to obtain money and property from the said Bank by means of false and fraudulent pretenses, representations and promises, to wit, a loan of $3,200,000 made on June 16, 1972, to Epidavros Shipping Company Limited for the acquisition of the vessel Tagma, ex Santa Isabella, unlawfully, wilfully and knowingly would and

did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce, signs, signals, pictures and sounds, for the purpose of executing such scheme and artifice.

Means of the Conspiracy

Among the means by which the defendants and their coconspirators would and did carry out the said conspiracy were the following:

4. In or about April, 1972, the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, would and did falsely and fraudulently state and represent to the National Bank of North America and officers thereof, that the vessel Santa Isabella, to be renamed Tagma, had been purchased for $4,000,000, when in fact its purchase price was $1,645,000.

5. In or about April and May, 1972, the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, and COSTAS NASLAS, would and did falsely and fraudulently state and represent to the National Bank of North America and officers thereof that the vessel Santa Isabella, renamed Tagma, had a three year timecharter with Montecatini Edison beginning in 1973, when in fact no such timecharter existed.

6. In or about April, May and June, 1972, the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, COSTAS NASLAS and JAMES D. HANLON and other co-conspirators to the Grand Jury known and unknown, would and did falsely and fraudulently state and represent to the National Bank of North America and to its officers and attorneys that Mark Scufalos was the sole shareholder of Epidavros Shipping Company Ltd.

7. On or about the 28th day of April, 1972, the defendant JOSEPH METZGER would and did make false statements to wit, in a loan fact sheet dated April 28, 1972, that "The Scufalos Group had had aggregate borrowings as high as $5,000,000. Today, Mark owes us slightly in excess of $4,400,000", and in a loan offering sheet dated April 28, 1972, that the aggregate outstanding loans to Mark Scufalos and Union Commercial Steamship Company were $4,400,000, which statements and reports, as the defendant JOSEPH METZGER then and there well knew, were false, and would and did recommend to the Shipping Division Loan Committee that a $3,200,000 loan be made by National Bank of North America to a corporation to be formed, c/o Union Commercial Steamship Company, to finance the purchase of the Santa Isabella, to be renamed Tagma, which loan the defendants JOSEPH METZGER, GREGORY SPANTALIS and JOHN J. SHEVLIN, as members of the Shipping Division Loan Committee, would and did vote be approved.

8. In or about June, 1972, after the discovery by officers of and by attorneys for the National Bank of North America that the purported Montecatini Edison charter on the Santa Isabella did not exist, the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, would and did arrange to obtain a purported timecharter for the Tagma, ex Santa Isabella, for three years at $3.90 per deadweight ton per month from Wigham-Richardson & Bevingtons, Ltd., which purported time charter was drafted to conceal the fact that the charterer had an option to cancel it and that the rate of hire was $3.15 per deadweight ton per month rather than $3.90 per deadweight ton per month, by the inclusion of the charterer's option to cancel and the true rate of hire in addenda to the charterparty prepared and signed on the same day as the charterparty itself; and after this charterparty and its

addenda had been signed, the defendants CHARALAMBOS ANANIADIS, a/k/a Harry Ananiades, COSTAS TON LIVAS, a/k/a A. Ton Livas and MICHAEL BLONSKY would and did remove the two addenda and replace them with fictitious and fabricated substitutes concealing the true provisions of the Higham-Richardson & Bevingtons, Ltd. so-called charter.

9. On or about the 16th day of June, 1972, the defendants GREGORY SPARTALIS, JOSEPH METZGER and JOHN J. SHEVLIN, would and did authorize the closing of the $3,200,000 loan by National Bank of North America to Epidavros Shipping Company Ltd.

OVERT ACTS

In furtherance of said conspiracy and to effect the objects thereof, the defendants did commit the following overt acts, among others, in the Southern District of New York:

1. On or about the 28th day of April, 1972, JOSEPH METZGER signed a loan fact sheet and a loan offering sheet.

2. On or about the 28th day of April, 1972, JOSEPH METZGER, GREGORY SPARTALIS and JOHN J. SHEVLIN attended a meeting.

3. On or about the 3rd day of June, 1972, JAMES D. HANLON signed a letter.

4. On or about the 15th day of June, 1972, JOSEPH METZGER drafted a telex and caused its transmission to London, England.

5. On or about the 16th day of June, 1972, COSTAS NASLAS signed a document.

(Title 18, United States Code, Section 371.)

COUNT SEVENTY

The Grand Jury further charges:

On or about the 25th day of April, 1972, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, unlawfully, willfully and knowingly, did make false statements and reports, to wit, that the purchase price of the vessel Santa Isabella was $4,000,000; and that the Santa Isabella was on charter to Montecatini Edison from June, 1973, to June, 1976 at a rate of $3,90, which statements and reports, as the defendants AMANATIDES and LIVAS then and there well knew, were false, and did overvalue property and security, to wit, the vessel Santa Isabella, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $3,200,000 to a company to be formed c/o Union Commercial Steamship Co., Piraeus, Greece, which loan was thereafter made by the said bank, on or about June 16, 1972, to Epidavros Shipping Co. Ltd.

(Title 18, United States Code, Section 1014 and 2.)

COUNT TWENTY-ONE 71

The Grand Jury Further Charges:

On or about the 28th day of April, 1972, in the Southern District of New York, JOSEPH METZGER, the defendant, unlawfully, wilfully and knowingly, and with intent to defraud the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, and to deceive officers of such bank, specifically, members of the Shipping Division Loan Committee, did make a false entry in a book, report and statement of such bank, to wit, in a loan offering sheet relating to a proposed loan of $3,200,000 to a corporation to be formed, c/o Union Commercial Steamship Company, Piraeus, Greece, as follows:

"Direct & B/As
$4,400,000."

which entry, as the defendant JOSEPH METZGER then and there well knew, was false.

(Title 18, United States Code, Sections 1005 and 2.)

[redacted]

The Grand Jury further charges: 72

On or about the 20th day of April, 1972, in the Southern District of New York,

JOSEPH PETZGER,

the defendant, unlawfully, wilfully and knowingly, did make a false statement and report, to wit,

"Direct & F/Bs
$4,400,000"

which statement and report, as the defendant JOSEPH PETZGER then and there well knew, was false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $3,200,000 to a corporation to be formed, c/o Union Commercial Steamship Company, Piraeus, Greece.

(Title 18, United States Code, Section 1014 and 2).

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COUNT [illegible]

The Grand Jury further charges:

On or about the 27th day of April, 1972, in the Southern District Of New York, JOSEPH METZGER, the defendant, unlawfully, willfully and knowingly, and with intent to defraud the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, and to deceive officers of such bank, specifically, members of the Shipping Division Loan Committee, did make a false entry in a book, report and statement of such bank, to wit, in a loan fact sheet concerning a proposed loan of $3,200,000 to a corporation to be formed, c/o Union Commercial Company, Piraeus, Greece, as follows:

> "NFNA
> Experience: ... The Soufalos Group has had aggregate borrowings as high a $5,000,000. Today, Mark owes us slightly in excess of $4,400,000."

which entry, as the defendants JOSEPH METZGER then and there well knew, was false.

(Title 18, United States Code, Sections 1005 and 2).

COUNT TWO-[illegible]

The Grand Jury further charges:

On or about the 28th day of April, 1972, in the Southern District of New York,

JOSEPH METZGER,

the defendant, unlawfully, wilfully and knowingly, did make a false statement and report, to wit,

> "RFNA
> Experience: ...The Scufalos Group has had aggregate borrowings as high as $5,000,000. Today, Park owes us slightly in excess of $4,400,000."

which statement and report, as the defendant JOSEPH METZGER then and there well knew, was false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $3,200,000 to a corporation to be formed, c/o Union Commercial Steamship Company, Piraeus, Greece.

(Title 18, United States Code, Sections 1014 and 2).

COUNT TWENTY-FIVE.

The Grand Jury further charges:

on or about the 3rd day of June, 1972, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, ANILCAS ION LIVAS, a/k/a A. Ion Livas, and JAMES D. HANLON, the defendants, unlawfully, wilfully and knowingly, did make a false statement and report, to wit,

> "On Monday we shall be able to provide you with the guarantee of Mark Scufalos, who is and has been the sole stockholder of the corporation since its organization".

which statement and report, as the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, ANILCAS ION LIVAS, a/k/a A. Ion Livas, and JAMES D. HANLON then and there well knew, was false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $2,200,000 to the Epidavros Shipping Co. Ltd., which loan was thereafter made by the said bank on or about June 16, 1972.

(Title 18, United States Code, Sections 1014 and 2).

COUNT SEVEN

The Grand Jury further charges:

On or about the 16th day of June, 1972, in the Southern District of New York, CHARALAMBOS ANANATIDES, a/k/a Harry Ananatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, COSTAS NASIAS, and JAMES D. HANLON, the defendants, unlawfully, wilfully and knowingly, did make a false statement and report, to wit, that Mark Scufelos had owned 100% of the shares of Epidavros Shipping Company Ltd. from March 11, 1971 to date, which statement and report, as the defendants CHARALAMBOS ANANATIDES, a/k/a Harry Ananatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, COSTAS NASIAS, and JAMES D. HANLON then and there well knew, was false, for the purpose of influencing the action of the National Bank of North America, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $3,200,000 to the Epidavros Shipping Co. Ltd., which loan was made by the said bank on or about June 16, 1972.

(Title 18, United States Code, Sections 1014 and 2).

COUNT [illegible]

The Grand Jury further charges:

On or about the 16th day of June, 1972, in the Southern District of New York, GREGORY SPANDLIS, JOSEPH METZGER and JOHN J. SHEVLIN, the defendants, being officers and employees of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did wilfully misapply moneys, funds, and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, to wit, $3,200,000 loaned to the Epidavros Shipping Company Ltd.

(Title 18, United States Code, Sections 656 and 2.)

COUNT TWENTY-TWO

The Grand Jury further charges:

On or about the 19th day of July, 1971, in the Southern District of New York, GREGORY SPARTALIS and JOHN J. SHEVLIN, the defendants, being officers and employees of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds, and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, to wit, $90,000 loaned to Leadership Investments, Inc.

(Title 18, United States Code, Sections 656 and 2.)

[redacted]

The Grand Jury further charges:

On or about the 19th day of July, 1971, in the Southern District of New York, GREGORY SPARTALIS, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, as follows:

Count	Amount Loaned	Borrower
79	$70,000	Global Seas, Inc.
80	$90,000	Eldorado Investments, Inc.

(Title 18, United States Code, Sections 656 and 2.)

[redacted]

The Grand Jury further charges:

On or about the dates hereinafter set forth, in the Southern District of New York, JOHN J. SHEVLIN, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, as follows:

COUNT	AMOUNT LOANED	BORROWER	DATE
81	$50,000	Galaxy Steamship Corp.	August 6, 1971
82	$50,000	Global Seas, Inc.	August 6, 1971
83	$50,000	Galaxy Steamship Corp.	August 13, 1971

(Title 18, United States Code, Sections 656 and 2.)

COUNT TWO

The Grand Jury further charges:

On or about the 16th day of August, 1971, in the Southern District of New York, GREGORY SPANELLIS, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, to wit, $70,000 loaned to Global Seas, Inc.

(Title 18, United States Code, Sections 656 and 2.)

COUNT [illegible]

The Grand Jury further charges:

On or about the 27th day of August, 1973, in the Southern District of New York, JOSEPH METZGER, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, to wit, $100,000 loaned to Altomar Steamship Corp.

(Title 18, United States Code, Sections 656 and 2).

[redacted] 86

The Grand Jury further charges:

On or about the 1st day of September, 1971, in the Southern District of New York, GREGORY SPYROPOULIS and JOHN J. SHEVLIN, the defendants, being officers and employees of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, to wit, $125,000 loaned to Oceanic Marine Holdings, S.A.

(Title 18, United States Code, Sections 656 and 2).

87

The Grand Jury further charges:

On or about the 2nd day of September, 1971, in the Southern District of New York, JOHN J. SHIELDS, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, to wit, $50,000 loaned to Galaxy Steamship Corp.

(Title 18, United States Code, Sections 656 and 2.)

88

The Grand Jury further charges:

On or about the 15th day of September, 1971, in the Southern District of New York, JOSEPH WEINGER, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, to wit, $100,000 loaned to the Park Lane Properties Ltd.

(Title 18, United States Code, Sections 656 and 2).

[redacted]

89-91

The Grand Jury further charges:

On or about the dates hereinafter set forth, in the Southern District of New York, JOHN J. SHEVLIN, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, as follows:

COUNT	AMOUNT LOANED	BORROWER	DATE
89	$50,000	Galaxy Steamship Corp.	October 4, 1971
90	$50,000	Leadership Investments, Inc.	October 5, 1971
91	$50,000	Eldorado Investments Inc.	October 5, 1971

(Title 18, United States Code, Sections 656 and 2).

COUNTS [illegible] 92-93

The Grand Jury further charges:

On or about the dates hereinafter set forth, in the Southern District of New York, JOSEPH HETZNER, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, as follows:

COUNT	AMOUNT LOANED	BORROWER	DATE
92	$100,000	Altomar Steamship Corp.	October 12, 1971
93	$100,000	Ionic Shipping Agency Ltd.	October 13, 1971

(Title 18, United States Code, Sections 656 and 2).

[redacted]

The Grand Jury further charges:

On or about the dates hereinafter set forth in the Southern District of New York, JOHN J. SHEVLIN, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, as follows:

COUNT	AMOUNT LOANED	BORROWER	DATE
94	$50,000	Global Seas, Inc.	October 15, 1971
95	$50,000	Betelgeuse Navigation Corp.	October 15, 1971
96	$45,000	Leadership Investments, Inc.	October 20, 1971
97	$40,000	Eldorado Investments, Inc.	October 20, 1971
98	$45,000	Leadership Investments, Inc.	November 19, 1971
99	$50,000	Eldorado Investments, Inc.	November 24, 1971

(Title 18, United States Code, Sections 656 and 2).

[illegible]

The Grand Jury further charges:

On or about the 26th day of November, 1971, in the Southern District of New York, JOSEPH [illegible], the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, to wit, $100,000 loaned to Altomar Steamship Corp.

(Title 18, United States Code, Sections 656 and 2).

COUNT ONE

The Grand Jury further charges:

On or about the 3rd day of December, 1971, in the Southern District of New York, GREGORY SPANTALIS and JOHN J. SHEVLIN, the defendants, being officers and employees of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, to wit, $125,000 loaned to Ionic Shipping Agency Ltd.

(Title 18, United States Code, Sections 656 and 2).

COUNTS [illegible] THROUGH [illegible]

The Grand Jury further charges: 102 103

On or about the dates hereinafter set forth in the Southern District of New York, JOHN J. SHEVLIN, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, as follows:

COUNT	AMOUNT LOANED	BORROWER	DATE
102	$45,000	Leadership Investments, Inc.	December 20, 1971
103	$50,000	Eldorado Investments, Inc.	December 24, 1971

(Title 18, United States Code, Sections 656 and 2).

[illegible]

The Grand Jury further charges:

On or about the dates hereinafter set forth in the Southern District of New York, [illegible] and JOHN J. SHEVLIN, the defendants, being officers and employees of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, as follows:

COUNT	AMOUNT LOANED	BORROWER	DATE
104	$100,000	Altomar Steamship Corp.	December 27, 1971
105	$45,000	Leadership Investments, Inc.	January 10, 1972

(Title 18, United States Code, Sections 656 and 2).

[illegible] 106

The Grand Jury further charges:

On or about the 14th day of January, 1972, in the Southern District of New York, JOHN J. SULLIVAN, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, to wit, $50,000 loaned to Eldorado Investments, Inc.

(Title 18, United States Code, Sections 656 and 2).

[illegible] 107 - 108

The Grand Jury further charges:

On or about the 18th day of January, 1972, in the Southern District of New York, GREGORY SPRINGER, JOSEPH METZGER and JOHN J. SHEVLIN, the defendants, being officers and employees of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did wilfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, as follows:

COUNT	AMOUNT LOANED	BORROWER
107	$98,000	Galaxy Steamship Corp.
108	$98,000	Global Seas, Inc.

(Title 18, United States Code, Sections 656 and 2.)

[illegible] 109

The Grand Jury further charges:

On or about the 18th day of January, 1972, in the Southern District of New York, GREGORY SPARIALIS and JOHN J. SHEVLIN, the defendants, being officers and employees of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, to wit, $125,000 loaned to Ionic Shipping Agency Ltd.

(Title 18, United States Code, Sections 656 and 2).

[illegible]

The Grand Jury charges:

On or about the 26th day of January, 1972, in the Southern District of New York, JOSEPH ZELMER, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, to wit, $101,650 loaned to Altoma Steamship Corp.

(Title 18, United States Code, Sections 656 and 2).

COUNTS [illegible]

The Grand Jury further charges:

On or about the dates hereinafter set forth in the Southern District of New York, JOHN J. COUGHLIN, the defendant, being an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officer and employee, as follows:

COUNT	AMOUNT LOANED	BORROWER	DATE
111	45,000	Leadership Investments, Inc.	February 18, 1972
112	$45,000	Leadership Investments, Inc.	February 25, 1972
113	$50,000	Eldorado Investments, Inc.	February 28, 1972

(Title 18, United States Code, Sections 656 and 2).

COUNT [illegible]

The Grand Jury further charges:

On or about the 3rd day of March, 1972, in the Southern District of New York, JOSEPH LETTIERI and JOHN J. SHEVLIN, the defendants, being officers and employees of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, to wit, $98,000 loaned to Galaxy Steamship Corp.

(Title 18, United States Code, Sections 656 and 2).

(illegible)

The Grand Jury further charges:

On or about the dates hereinafter set forth, in the Southern District of New York, GREGORY ANTALIS, JOHN METZGER and JOHN J. SHEVLIN, the defendants, being officers and employees of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully and knowingly did willfully misapply moneys, funds and credits of such bank and moneys, funds, assets and securities intrusted to the care and custody of such bank and to the care and custody of such officers and employees, as follows:

COUNT	AMOUNT LOANED	BORROWER	DATE
115	$98,000	Global Seas, Inc.	March 3, 1972
116	$125,000	Ionic Shipping Agency, Ltd.	March 3, 1972
117	$45,000	Leadership Investments, Inc.	March 6, 1972
118	$50,000	Eldorado Investments, Inc.	March 6, 1972
119	$150,000	Valiant Navigation Corp.	March 13, 1972
120	$150,000	Andromeda Navigation Corp.	March 13, 1972

(Title 18, United States Code, Sections 656 and 2).

COUNT [illegible]

The Grand Jury further charges:

1. From on or about the 1st day of February, 1972, up to and including the 1st day of September, 1972, in the Southern District of New York, and elsewhere, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, having devised and intended to devise a scheme and artifice to defraud the Bank of America N.T. and S.A., in London, Harris Trust and Savings Bank in Chicago, Hill, Samuel & Co., in London, and United California Bank in London, and to obtain money and property from the said Banks by means of false and fraudulent pretenses, representations and promises, unlawfully, willfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce, signs, signals, pictures and sounds, as hereinafter set forth, for the purpose of executing such scheme and artifice.

2. It was part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that the defendants, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, did falsely and fraudulently pretend and represent, and did cause to be falsely and fraudulently pretended and represented, to the aforesaid banks and officers and employees thereof that Tidal Marine International Corp. and two of its subsidiaries intended to purchase and had purchased the vessels Capetan Elias and Taurus at prices of $5,000,000 and $3,700,000, respectively, whereas in truth and in fact, the intended and actual contracted purchase price for the Capetan Elias was $4,000,000, and the intended and actual contracted purchase price for the Taurus was $3,100,000.

121-123

3. It was further a part of said scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises that the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, did, by means of the false and fraudulent pretenses, representations and promises set forth in paragraph 2 hereof, secure, on or about May 12, 1972, a loan from United California Bank in London to Alphard Navigation Corp. in the amount of $2,300,000 to finance the acquisition of the vessel Taurus.

4. On or about the dates hereinafter set forth, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, for the purpose of executing such scheme and artifice, unlawfully, willfully and knowingly did transmit and cause to be transmitted by means of wire, radio and television communication in interstate and foreign commerce signs, signals, pictures and sounds, as follows:

COUNT	FROM	TO	DATE
121	London, England	Los Angeles, California	February 24, 1972
122	London, England	San Francisco, California	March 3, 1972
123	London, England	Los Angeles, California	April 19, 1972

(Title 18, United States Code, Sections 1343 and 2.)

COUNT [illegible]

The Grand Jury further charges:

On or about the 19th day of June, 1972, in the Southern District of New York, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides and ANILCAS ION LIVAS, a/k/a A. Ion Livas, the defendants, unlawfully, wilfully and knowingly, in a matter within the jurisdiction of a department and agency of the United States, to wit, the Securities and Exchange Commission, did falsify, conceal and cover up by trick, scheme and device a material fact, did make false, fictitious and fraudulent statements and representations, and did make and use false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries, to wit, the defendants, AMANATIDES and LIVAS, made and filed a report on Form 8-K for Tidal Marine International Corporation for May, 1972, which was required to be filed with the Securities and Exchange Commission, and which stated that "Pursuant to a Memorandum of Agreement dated March 6, 1972, the Registrant purchased on March 6, 1972, the vessel Taurus to be renamed Tychos, from Tankstar Shipping Co. S. A. of Panama for $3,700,000 (Three Million Seven Hundred Thousand U. S. Dollars)," whereas in truth and in fact, as the defendants AMANATIDES and LIVAS then and there well knew, the above statement was false, fictitious and fraudulent in that the Registrant did not purchase the Taurus for $3,700,000.

(Title 18, United States Code, Sections 1001 and 2.)

[illegible]

The Grand Jury further charges:

On or about the 4th day of November, 1971, in the Southern District of New York, the defendant GREGORY SPARTALIS, who was then an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corp., aided and abetted by the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and ANILCAS ION LIVAS, a/k/a A. Ion Livas, unlawfully, wilfully and knowingly did receive and agree to receive a fee, commission, gift, and thing of value, to wit, $172,500 from the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and ANILCAS ION LIVAS, a/k/a A. Ion Livas, for procuring and endeavoring to procure a loan from said bank on or about November 5, 1971, to Aquarius Navigation Corp., Libra Navigation Corp. and Caprice Navigation Corp., in the amount of $5,750,000.

(Title 18, United States Code, Sections 215 and 2.)

[illegible]

The Grand Jury [illegible]:

On or about the 17th day of November, 1971, in the Southern District of New York, the defendant GREGORY SPARTALIS, who was then an officer and employee of the National Bank of North America, the deposits of which were then insured by the Federal Deposit Insurance Corporation, aided and abetted by the defendant MICHAEL PAPAYOANNOULOS, unlawfully, wilfully and knowingly did receive and agree to receive a fee, commission, gift and thing of value, to wit, $10,500 from the defendant MICHAEL PAPAYOANNOULOS for procuring and endeavoring to procure loans from said bank as hereinafter set forth:

Borrower(s)	Amount	Date
Aquarius Navigation Corp. Libra Navigation Corp. Caprice Navigation Corp.	$5,750,000	November 5, 1971
Penney Transportation Corp.	$300,000	November 16, 1971

(Title 18, United States Code, Sections 215 and 2).

[illegible]

The Grand Jury further charges:

On or about the 9th day of May, 1972, in the Southern District of New York, MICHAEL PAPAYOTOPULOS, the defendant, unlawfully, wilfully and knowingly, did make a false statement and report, to wit, that the charterer of the vessel Trchys was British Petroleum, which statement and report, as the defendant MICHAEL PAPAYOTOPULOS then and there well knew, was false, for the purpose of influencing the action of the Chemical Bank, New York, New York, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon a loan of $343,000 to Intercontinental Mining and Abrasives, Inc.

(Title 18, United States Code, Section 1014.)

FOREMAN

PAUL J. CURRAN
United States Attorney

Information

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- -x

UNITED STATES OF AMERICA :

v. :

JOSEPH METZGER, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, COSTAS NASLAS, and GREGORY SPARTALIS, : INFORMATION

: 75 Cr. 1176

Defendants. :

- -x

The United States Attorney charges:

1. From on or about the 1st day of November, 1971, up to and including the 1st day of September, 1972, in the Southern District of New York, JOSEPH METZGER, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, AMILCAS ION LIVAS, a/k/a A. Ion Livas, COSTAS NASLAS and GREGORY SPARTALIS, the defendants, and John J. Shevlin, named herein as a co-conspirator but not as a defendant, unlawfully, wilfully and knowingly did combine, conspire, confederate and agree together and with one another to commit offenses against the United States, to wit, violations of Title 18, United States Code, Section 215.

2. It was part of said conspiracy that GREGORY SPARTALIS and JOSEPH METZGER, the defendants, and John J. Shevlin, being officers of the National Bank of North America, 44 Wall Street, New York, New York, a bank the deposits of which were then insured by the Federal Deposit Insurance Corporation, would and did unlawfully, wilfully and knowingly receive and consent and agree to receive fees, commissions, gifts and things of

value from the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, [illegible]LCAS ION LIVAS, a/k/a A. Ion Livas, and COSTAS NASLAS for procuring and endeavoring to procure loans by the aforesaid National Bank of North America to Tidal Marine International Corp. and its subsidiaries and to Spartan Pride Shipping Co. Ltd. and Spartan Endeavor Shipping Co. Ltd.

OVERT ACTS

In furtherance of said conspiracy and to effect the objects thereof, the defendants and their co-conspirators did commit the following overt acts, among others, in the Southern District of New York:

1. On December 24, 1971, CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, gave JOSEPH METZGER an envelope containing about ten thousand dollars in cash.

2. On or about January 6, 1972, COSTAS NASLAS signed a check payable to "CASH" in the amount of twenty thousand dollars.

3. On or about January 28, 1972, JOSEPH METZGER and John J. Shevlin went to the offices of Tidal Marine International Corp. at 80 Pine Street.

(Title 18, United States Code, Section 371).

COUNT TWO

The United States Attorney further charges:

On the 24th day of December, 1971, in the Southern District of New York, JOSEPH METZGER, the defendant, and John J. Shevlin, being officers of the National Bank of North America, 44 Wall Street,

New York, New York, a bank the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully, wilfully and knowingly, did receive and consent and agree to receive fees, commissions, gifts, and things of value, to wit, ten thousand dollars each, from the defendant CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, for procuring and endeavoring to procure loans by the aforesaid National Bank of North America to Aries Navigation Corp., Pisces Navigation Corp., Spartan Pride Shipping Co. Ltd. and Spartan Endeavor Shipping Co. Ltd.

(Title 18, United States Code, Sections 215 and 2).

COUNT THREE

The United States Attorney further charges:

On or about the 7th day of January, 1972, in the Southern District of New York, JOSEPH METZGER, the defendant, and John J. Shevlin, being officers of the National Bank of North America, 44 Wall Street, New York, New York, a bank the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully, wilfully and knowingly, did receive and consent and agree to receive fees, commissions, gifts, and things of value, to wit, ten thousand dollars each, from the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and COSTAS NASLAS, for procuring and endeavoring to procure loans by the aforesaid National Bank of North America to

Aries Navigation Corp., Pisces Navigation Corp., Spartan Pride Shipping Co. Ltd. and Spartan Endeavor Shipping Co. Ltd.

(Title 18, United States Code, Sections 215 and 2).

COUNT FOUR

The United States Attorney further charges:

On or about the 28th day of January, 1972, in the Southern District of New York, JOSEPH METZGER, the defendant, and John J. Shevlin, being officers of the National Bank of North America, 44 Wall Street, New York, New York, a bank the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully, wilfully and knowingly, did receive and consent and agree to receive fees, commissions, gifts, and things of value, to wit, ten thousand dollars each, from the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, COSTAS NASLAS, and AMILCAS ION LIVAS, a/k/a A. Ion Livas, for procuring and endeavoring to procure loans by the aforesaid National Bank of North America to Aries Navigation Corp., Pisces Navigation Corp., Spartan Pride Shipping Co. Ltd. and Spartan Endeavor Shipping Co. Ltd.

(Title 18, United States Code, Sections 215 and 2).

COUNT FIVE

The United States Attorney further charges:

In or about March, 1972, in the Southern District of New York, JOSEPH METZGER, the defendant, and John J. Shevlin, being officers of the National Bank of North America, 44 Wall Street, New York, New York, a bank the deposits of which were then insured by the

Federal Deposit Insurance Corporation, unlawfully, wilfully and knowingly, did receive and consent and agree to receive fees, commissions, gifts, and things of value, to wit, ten thousand dollars each, from the defendants CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, and COSTAS NASLAS, for procuring and endeavoring to procure loans by the aforesaid National Bank of North America to Aries Navigation Corp., Pisces Navigation Corp., Spartan Pride Shipping Co. Ltd. and Spartan Endeavor Shipping Co. Ltd.

(Title 18, United States Code, Sections 215 and 2).

COUNT SIX

The United States Attorney further charges:

In or about April, 1972, in the Southern District of New York, JOSEPH METZGER, the defendant, and John J. Shevlin, being officers of the National Bank of North America, 44 Wall Street, New York, New York, a bank the deposits of which were then insured by the Federal Deposit Insurance Corporation, unlawfully, wilfully and knowingly, did receive and consent and agree to receive fees, commissions, gifts, and things of value, to wit, five thousand dollars each, from the defendant CHARALAMBOS AMANATIDES, a/k/a Harry Amanatides, for procuring and endeavoring to procure loans by the aforesaid National Bank of North America to Aries Navigation Corp., Pisces Navigation Corp., Spartan Pride Shipping Co. Ltd. and Spartan Endeavor Shipping Co. Ltd.

(Title 18, United States Code, Sections 215 and 2).

Thomas J. Cahill

THOMAS J. CAHILL
UNITED STATES ATTORNEY

BEST COPY AVAILABLE

Judgment

United States District Court

United States of America vs.

DEFENDANT [redacted] IN THE SOUTHERN DISTRICT OF [redacted] YORK

DOCKET NO. 75 Cr. 576

JUDGMENT AND PROBATION/COMMITMENT ORDER

COUNSEL

In the presence of the attorney for the government the defendant appeared in person on this date — MONTH DAY YEAR July 23, 1976

[ ] WITHOUT COUNSEL However the court advised defendant of right to counsel and asked whether defendant desired to have counsel appointed by the court and the defendant thereupon waived assistance of counsel.

[X] WITH COUNSEL Peter Fleming and John Sprizzo (Name of counsel)

PLEA

[ ] GUILTY, and the court being satisfied that there is a factual basis for the plea, [ ] NOLO CONTENDERE, [ ] NOT GUILTY

FINDING & JUDGMENT

There being a ~~finding~~/verdict of [ ] NOT GUILTY. Defendant is discharged

[X] GUILTY on counts 10, 18, 22, 36, 51, 56, 57, 65, 66, 67, 68, 75 and 76.

Defendant has been convicted as charged of the offense(s) of unlawfully, wilfully and knowingly using communications in interstate & foreign commerce for the purpose of executing a scheme and artifice to defraud. (T.18,U.S.C., Sections 1343 and 2.); willfully, knowingly and knowingly did make false statements and reports for the purpose of influencing action of a bank, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon loans. (T.18,U.S.C., Sections 1014 and 2.); conspiracy to do.(T.18,U.S.C., Section 371.)

SENTENCE OR PROBATION ORDER

The court asked whether defendant had anything to say why judgment should not be pronounced. Because no sufficient cause to the contrary was shown, or appeared to the court, the court adjudged the defendant guilty as charged and convicted and ordered that: The defendant is hereby committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of FIVE(5) YEARS on each of counts 10, 18, 22, 36, 51, 65 and 67.

TWO(2) YEARS on each of counts 56, 57, 66, 68, 75 and 76.

All sentences imposed above are to run concurrently.

Counts 1, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21 and 69 remain open and are carried pending appeal.

SPECIAL CONDITIONS OF PROBATION

Defendant advised of his right to appeal.

Defendant has surrendered his passport.

Bail pending appeal is fixed at $100,000, cash or surety bond and is to be posted on or before July 29, 1976 at 4 P.M., and defendant is remanded to custody pending bail.

ADDITIONAL CONDITIONS OF PROBATION

In addition to the special conditions of probation imposed above, it is hereby ordered that the general conditions of probation set out on the reverse side of this judgment be imposed. The Court may change the conditions of probation, reduce or extend the period of probation, and at any time during the probation period or within a maximum probation period of five years permitted by law, may issue a warrant and revoke probation for a violation occurring during the probation period.

COMMITMENT RECOMMENDATION

The court orders commitment to the custody of the Attorney General and recommends,

It is ordered that the Clerk deliver a certified copy of this judgment and commitment to the U.S. Marshal or other qualified officer.

CERTIFIED AS A TRUE COPY THIS DATE July 27, 1976

[illegible] DISTRICT COURT CLERK DEPUTY

SIGNED BY

[X] U.S. District Judge

[ ] U.S. Magistrate

Milton Pollack

[illegible] MILTON POLLACK

Date July 27 1976

Judgment

United States of America vs.

United States District Court

DEFENDANT: [illegible]

DOCKET NO. 75 Cr. 515

JUDGMENT AND PROBATION/COMMITMENT ORDER

COUNSEL

In the presence of the attorney for the government the defendant appeared in person on this date — MONTH DAY YEAR: July 16, 1976

[ ] WITHOUT COUNSEL However the court advised defendant of right to counsel and asked whether defendant desired to have counsel appointed by the court and the defendant thereupon waived assistance of counsel.

[X] WITH COUNSEL Peter Fleming and John Upiano (Name of counsel)

PLEA

[ ] GUILTY, and the court being satisfied that there is a factual basis for the plea, [ ] NOLO CONTENDERE, [X] NOT GUILTY

FINDING & JUDGMENT

There being a [illegible] verdict of

[ ] NOT GUILTY. Defendant is discharged

[X] GUILTY. on counts 51,62,63,65,66 and 75.

Defendant has been convicted as charged of the offense(s) of wilfully, wilfully and knowingly [illegible] false statements and reports for the purpose of influencing the action of [illegible] the deposits of which were then insured by the Federal Deposit Insurance Corporation upon loans. (T. 18, U.S.C., Sections 1001 and 2.) ; conspiracy so to do.(Title 18, U.S.C., Section 371.)

SENTENCE OR PROBATION ORDER

The court asked whether defendant had anything to say why judgment should not be pronounced. Because no sufficient cause to the contrary was shown, or appeared to the court, the court adjudged the defendant guilty as charged and convicted and ordered that: The defendant is hereby committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of FIVE(5) YEARS on each of counts 51, 62 and 65.
TWO(2) YEARS on each of counts 63, 66 and 75
All sentences imposed above in 75 CR. 515 and 75 CR. 1176 are to run concurrently, and on condition that defendant be confined in a Jail Type Institution for a period of SIX(6) MONTHS, the execution of the remainder of the sentence of imprisonment is hereby suspended and the defendant is placed on Probation for a period of THREE(3) YEARS, subject to the standing probation order of this Court. Title 18, Section 3651, U.S. Code.

SPECIAL CONDITIONS OF PROBATION

Counts 1 and 69 remain open and are carried pending appeal.

Defendant advised of his right to appeal.

Defendant is continued on present bail pending appeal.

ADDITIONAL CONDITIONS OF PROBATION

In addition to the special conditions of probation imposed above, it is hereby ordered that the general conditions of probation set out on the reverse side of this judgment be imposed. The Court may change the conditions of probation, reduce or extend the period of probation, and at any time during the probation period or within a maximum probation period of five years permitted by law, may issue a warrant and revoke probation for a violation occurring during the probation period.

COMMITMENT RECOMMENDATION

The court orders commitment to the custody of the Attorney General and recommends,

It is ordered that the Clerk deliver a certified copy of this judgment and commitment to the U.S. Marshal or other qualified officer.

CERTIFIED AS A TRUE COPY THIS DATE [illegible]
BY [illegible] CLERK / DEPUTY

SIGNED BY

[X] U.S. District Judge

[ ] U.S. Magistrate

[illegible]

MILTON POLLACK

Date July 16, 1976

Judgment

United States District Court for

ited States of America vs.

DEFENDANT: GULTAC NADLAS

THE SOUTHERN DISTRICT OF NEW YORK

DOCKET NO.: 75 Cr. 1176

JUDGMENT AND PROBATION/COMMITMENT ORDER

AO 245B(Rev.)

COUNSEL

In the presence of the attorney for the government the defendant appeared in person on this date — MONTH July DAY 16 YEAR 1976

[ ] WITHOUT COUNSEL However the court advised defendant of right to counsel and asked whether defendant desired to have counsel appointed by the court and the defendant thereupon waived assistance of counsel.

[X] WITH COUNSEL Peter Fleming and John Sprizzo
(Name of counsel)

PLEA

[ ] GUILTY and the court being satisfied that there is a factual basis for the plea, [ ] NOLO CONTENDERE, [X] NOT GUILTY

FINDING & JUDGMENT

The Court finding/verdict of [ ] NOT GUILTY. Defendant is discharged
[X] GUILTY. on counts 1,3 and 4.

Defendant has been convicted as charged of the offense(s) of unlawfully, wilfully and knowingly offering fees, comissions, gifts, and things of value to bank officers of the National Bank of North America, New York, New York, a bank the deposits of which were then insured by the Federal Deposit Insurance Corporation, for encouraging procuring and endeavoring to procure loans. (T. 18, U.S.C., Sections 215 and 2.); conspiracy so to do. (T. 18, U.S.C., Section 371.)

SENTENCE OR PROBATION ORDER

The Court asked whether defendant had anything to say why judgment should not be pronounced. Because no sufficient cause to the contrary was shown, or appeared to the Court, the Court adjudged the defendant guilty as charged and convicted and ordered that: The defendant is hereby committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of ONE(1)

YEAR on each of counts 1,3 and 4.

All sentences imposed above in 75 Cr. 1176 and 75 CR. 515 are to run concurrently, and on condition that defendant be confined in a JAIL TYPE Institution for a period of SIX(6) MONTHS, the execution of the remainder of the sentence of imprisonment is hereby suspended and the defendant is placed on Probation for a period of THREE(3) YEARS, subject to the standing probation order of this Court. Title 18, Section 3651, U.S. Code.

Defendant advised of his right to appeal.

SPECIAL CONDITIONS OF PROBATION

Defendant is continued on present bail pending appeal.

ADDITIONAL CONDITIONS OF PROBATION

It is ordered that the general conditions of probation imposed above, it is hereby ordered that the general conditions of probation set out on the reverse side of this judgment be imposed. The Court may change the conditions of probation, reduce or extend the period of probation, and at any time during the probation period or within a maximum probation period of five years permitted by law, may issue a warrant and revoke probation for violation occurring during the probation period.

COMMITMENT RECOMMENDATION

The court orders commitment to the custody of the Attorney General and recommends,

It is ordered that the Clerk deliver a certified copy of this judgment and commitment to the U.S. Marshal and that the same shall constitute the authority for the commitment.

CERTIFIED AS A TRUE COPY
THIS DATE July 16 1976
J. M. COLEMAN
CLERK
By [illegible] DEPUTY

SIGNED BY
[X] U.S. District Judge
[ ] U.S. Magistrate

MILTON POLLACK

Date July 16, 1976

United States of America vs.

United States District Court

DEFENDANT: PAUL KAMINSKY — THE SOUTHERN DISTRICT OF NEW YORK

DOCKET NO. 75 Cr. 535

JUDGMENT AND PROBATION/COMMITMENT ORDER

COUNSEL

In the presence of the attorney for the government the defendant appeared in person on this date — MONTH JULY DAY 26 YEAR 1976

[ ] WITHOUT COUNSEL However the court advised defendant of right to counsel and asked whether defendant desired to have counsel appointed by the court and the defendant thereupon waived assistance of counsel.

[X] WITH COUNSEL Peter Fleming and John Spiegio
(Name of counsel)

PLEA

[ ] GUILTY, and the court being satisfied that there is a factual basis for the plea, [ ] NOLO CONTENDERE, [X] NOT GUILTY

FINDING & JUDGMENT

There being a finding/verdict of
[ ] NOT GUILTY. Defendant is discharged
[X] GUILTY. on counts 51, 56, 57, 58, 59, 65 and 66.

Defendant has been convicted as charged of the offense(s) of wilfully, wilfully and knowingly [illegible] false statements and reports for the purpose of influencing the action of a bank, the deposits of which were then insured by the Federal Deposit Insurance Corporation, upon loans. (Title 18, U.S.C., Sections 1014 and 2); conspiracy so to do (Title 18, U.S.C. Section 371.)

SENTENCE OR PROBATION ORDER

The court asked whether defendant had anything to say why judgment should not be pronounced. Because no sufficient cause to the contrary was shown, or appeared to the court, the court adjudged the defendant guilty as charged and convicted and ordered that: The defendant is hereby committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of 2(2)

on each of counts 51, 56, 57, 58, 59, 65 and 66 to run concurrently with each other, and on condition that defendant be confined in a JAIL TYPE Institution for a period of FOUR(4)MONTHS, the execution of the remainder of the sentence of imprisonment is hereby suspended and the defendant is placed on Probation for a period of THREE(3) YEARS, subject to the standing probation order of this Court. Title 18, Section 3651 U.S. Code.

Count 1 remains open and is carried pending appeal.

Defendant advised of his right to appeal.

SPECIAL CONDITIONS OF PROBATION

Bail pending appeal is fixed at $25,000. P.R.B. to be secured by deposit of $[illegible] 50% cash or surety by July 27, 1976 at 4 P.M. and defendant is remanded to continued on present bail.

ADDITIONAL CONDITIONS OF PROBATION

In addition to the special conditions of probation imposed above, it is hereby ordered that the general conditions of probation set out on the reverse side of this judgment be imposed. The Court may change the conditions of probation, reduce or extend the period of probation, and at any time during the probation period or within a maximum probation period of five years permitted by law, may issue a warrant and revoke probation for a violation occurring during the probation period.

COMMITMENT RECOMMENDATION

The court orders commitment to the custody of the Attorney General and recommends,

It is ordered that the Clerk deliver a certified copy of this judgment and commitment to the U.S. Marshal or other qualified officer.

CERTIFIED AS A TRUE COPY OF
ISSUED DATE [illegible]
BY [illegible] DEPUTY CLERK

SIGNED BY
[X] U.S. District Judge
[ ] U.S. Magistrate

Date July 26, 1976

Trial Transcript

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

- x

UNITED STATES OF AMERICA, :

v. : 75 Cr. 515

JAMES D. HANLON, COSTAS NASLAS and PAUL KATRITSIS, :

Defendants. :

- x

June 2, 1976,
10 A.M.

Before:

Hon. Milton Pollack,
District Judge, and a Jury.

Appearances;

ROBERT B. FISKE, JR., ESQ.,
United States Attorney
By: Jeffrey Glekel, Esq., and
Marc Marmaro, Esq., Assistant U.S. Attorneys.

PETER FLEMING, ESQ.,
JOHN E. SPRIZZO, ESQ.,
DOUGLAS MANSFIELD, ESQ.,
Attorneys for Defendants.

(A jury of 12 and 4 alternates were duly impanele and sworn.)

(In the courtroom in the presence of the jury.)

THE COURT: Mr. Glekel.

MR. GLEKEL: May it please the Court, ladies and gentlemen of the jury. As Judge Pollack has told you, my name is Jeffrey Glekel, and together with Marc Marmaro I represent the United States in this criminal prosecution. The charges in this case are fraud and bribery. They involv a scheme to defraud lending institutions of millions of dollars. More specifically, the indictment charges and the government will prove that the defendants, James Hanlon, Costas Naslas and Paul Katritsis, made false and fraudulent statements for the purpose of obtaining over $30,000,000 in bank loans, and that the defendant Costas Naslas bribed officers of the National Bank of North America in exchange for obtaining millions of dollars of loans.

Although the indictment and information being tried names several other defendants, only Hanlon, Naslas and Katritsis are on trial before you at the present time.

The events on which the activities of this trial center are the operations of Tidal Marine Internation Corporation, which was a public company active in the ship

owning business. The evidence will show that between 1970 and 1972 Tidal Marine embarked upon a major course of expansion involving the rapid purchase of a great number of ocean going cargo vessels.

Now, throughout this period Tidal Marine relied upon bank loans to provide the funds needed for the ship purchases. Such loans were vital to Tidal Marine's financia plans because without them, you will learn, there was just no way that the company could come up with the money to pay for the ships which it wanted to buy. It is on charges of fraud and bribery in connection with obtaining these loans that Naslas, Hanlon and Katritsis are standing trial.

Now, the purpose of my opening statement is just to give you a brief preview of the government's case in outline form so that you are better able to follow the evidence as it is presented.

Let me assure you at the outset that although this case involves the obtaining of bank loans to finance the purchase of oceangoing ships or freighters, the evidence in this case is not going to concern the complexity of bank financing or of the shipping industry, and while a number of loan transactions and related documents will be offered during the government's case, you will not have to remember a great number of figures in order to follow the evidence.

Indeed, as you will see, the government has prepared summaries of these loan transactions in the form of charts for the purpose of assisting you in understanding what was going on here.

Now, the shipping business is quite easy to understand if you just compare a ship to an apartment or office building --

MR. FLEMING: I object to this, if your Honor please.

THE COURT: Overruled.

MR. GLEKEL: Just as the apartment or office building owner makes money by renting or leasing apartments

cllt 2

or offices, the ship owner rents or leases his ship for the purpose of transporting cargo. The only real difference is in the case of a ship the lease is called a charter, and the tenant is called the charterer.

Now, just as in the case of apartment leases which vary in length, ship carters naturally vary in length. They may be three years or five years or really any length of time.

Charters, as you will learn, are not only the means through which ship owning companies like Tidal Marine make their money, but they also play a crucial and essential role in the obtaining of ship purchase loans.

Now, the reason for this is that, as the evidence will show, the bank looks to the income, the funds generated by the charter hire to repay the ship purchase loans.

In other words, just as a tenant of an apartment building makes a monthly payment of rent to the landlord, a charterer makes a monthly payment to the ship owner, and banks rely principally upon the income from the charterer or the charter hire, for the repayment of ship purchase loans.

Generally, as you will learn, the charter hire is forwarded directly to the bank by the charterer on a monthly basis.

You will learn from the evidence that banks are

no more interested in loaning money to a ship without a charter than they would be in making a loan to an apartment building without any tenants or to an empty office building which no one was interested in occupying.

The evidence will show that since the charter is the principal piece of security for ship purchase loans, the existence, the term, and the reliability of the charter are of crucial importance to the bank in deciding whether to make a ship purchase loan.

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Indeed, banks generally insist that the charter hire be sufficient in itself to fully repay the loan. The evidence in this case will establish that the defendants obtained millions of dollars in bank loans by repeatedly making false and fraudulent representations concerning the terms, length, identity and even the existence of charters which were pledged as security for loans.

Indeed, the one theme which will run through this case is that as the defendants were well aware, the charters securing Tidal Marine loans did not exist in most cases as represented and that as a consequence Tidal Marine was constantly engaged in a desperate struggle to come up with funds from other sources to pay loan installments and to stay one step ahead of its creditors.

Now, the evidence will also show that the defendants made repeated misrepresentations about two other facts essential to a bank's decision to loan money. These are the purchase price of a ship and the identity of the borrower or the ship owner.

Now, I think the importance of the purchase price of the ship needs little discussion. As you will hear, the amount of money which the borrower is willing to pay for a ship is regarded by banks as a very good indicator of the maximum value that the ship has.

You will hear, for example, that at least one bank had a policy not to permit ship loans to exceed a certain percentage of the price for which the ship was being purchased.

Tidal Marine, however, with the knowledge and participation of the defendants' repeatedly engaged in dummy transactions to artificially boost the price, the purchase price of ships.

For example, the evidence will show that Tidal Marine, and this is just an example, would form a shell corporation with no business function but controlled by the principals of Tidal Marine which would acquire a ship from its sellers for a purchase price of let's say half a million dollars.

This shell corporation would then almost simultaneously resell or reconvey the ship to Tidal Marine for $1,000,000 and represent to the bank that $1,000,000 was the true purchase price of the ship without informing the bank that the purported purchase price of $1,000,000 merely represented the transfer of the ship, literally, almost, from one hand of Tidal Marine to the other and the realistic purchase price was only half a million dollars.

Now, the other type of fraud which concerns misrepresentations about the identity of the borrower became

necessary because as you will learn, a time came when the bank with which we are principally concerned, the National Bank of North America, made a decision that it would not loan any more money to Tidal Marine. This occurred at a time when the company was in desperate need for additional funds.

The defendants overcame this obstacle by fraudulently representing to the bank that an individual by the na of Mark Scufalos rather than Tidal Marine was the borrower and by submitting false documents concerning his ownership o the borrowing corporation.

In other words, they pretended to the bank that loans that were really for Tidal Marine were loans to Mark Scufalos in order to induce the bank to make loans which they were not prepared to make because of their decision not to give Tidal Marine any more money.

Before proceeding further, it may be useful to just briefly outline the roles played by the defendants on trial before you in the affairs of Tidal Marine as will be revealed by the evidence.

In this connection you may find it of some assistance to refer to this chart which has been prepared. It is fairly simple and what it does is lists in terms of function the principal individuals involved with Tidal

Marine, also listing Tidal Marine's attorney as well as the other two principal institutions this case will be concerned with, the National Bank of North America Ship Loan Department and Union Commercial Steamship Company, which is Mark Scufalos' company.

Now, this chart is not evidence itself and it is really just an aid to you and you may find it of some use in referring to it as I try to outline to you some of the evidence which will be presented to you in this case.

The defendant Costas Naslas as you will learn and as is indicated on the chart, was vice president of Tidal Marine. He was also the man in charge of its New York office where Tidal Marine's corporate headquarters were located. His duties included the day to day management of Tidal Marine large fleet of ships. Among other matters he dealt with problems relating to the operation of the ships and disputes or difficulties with the charterers of ships.

In addition the evidence will show that Costas Naslas played a crucial role in obtaining and in arranging for the repayment of bank loans for Tidal Marine. You will learn he not only supplied much of the information required by the banks before agreeing to make a loan, but that he also made many of the representations which the banks relied on and required before lending money.

In other words, you will see from the evidence that Costas Naslas was right in the middle of Tidal Marine's operations.

The evidence will also show that Mr. Naslas made false and fraudulent representations concerning the existence of charters which induced banks to loan millions of dollars and as you will see, these misrepresentations concerned ships which he managed every day.

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The next defendant with which we are concerned, James Hanlon, played a different but at least equally as essential a role in the fraudulent scheme charged. He was Tidal Marine's attorney, its lawyer, for matters involving the purchasing, selling, financing and operation of ships.

His role, however, was not that of the normal attorney who gives legal advice to a wide variety of clients. During 1970 to 1972 Tidal Marine was James Hanlon's only significant client and you will learn from the evidence that he devoted substantially all of his working time to drafting and signing fraudulent legal documents and engaging in other deceptive actions which were required to give the appearance of legality to fraudulent transactions.

You will learn that James Hanlon created and formed many corporations, most of them shells, with no legitimate business function which were used by Tidal Marine to accomplish its fraudulent ends.

For example, Mr. Hanlon would form shell corporations in the name of or in the names of real and substantial companies which the bank was falsely informed and entered into charters on ships the bank was financing.

In addition the defendant Hanlon was involved in making misrepresentations to banks induced them to loan money. As the person who represented Tidal Marine in just

about all of its loan transactions Mr. Hanlon made representations concerning such matters as the terms of the charters, the ownership of the borrowing corporations and similar matters on the basis of which banks loaned millions of dollars.

The evidence will establish that many of these representations were, as the defendant was well aware at the time, fraudulent.

Jim Hanlon's role in Tidal Marine differed from that of most lawyers in one other crucial respect: James Hanlon was not only paid for his legal work. He also had a major personal stake in two of the loans obtaine through fraudulent means. Indeed he received $325,000 of the proceeds of one of these loans.

So as you will see, although Mr. Hanlon did not occupy an official position in Tidal Marine, he played and was paid to play a vital role in enabling it to obtain fraudulently millions of dollars in bank loans.

Now, the third defendant on trial, Paul Katritsis, played a less central, but as the evidence will show a nevertheless vital role in committing the frauds with which is charged. He is the nephew of Harry Amanatides, the president of Tidal Marine, and he was an employee of Tidal Marine's New York office during the latter part of 1971 and

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1972.

You will learn, however, that Paul Katritsis' work, if that is what it is to be called, that his work at Tidal Marine was of a very specialized nature. His function was to serve as an officer of many of the corporations formed by Tidal Marine and to make in his capacity misrepresentations concerning such matters as the ownership of these corporations, misrepresentations which induced banks to loan large amounts of money.

The evidence will also show that Mr. Katritsis on several occasions signed forged charter parties which were presented to the bank and accepted by the bank as security for loans in excess of a million dollars.

Now, as far as the proof will show the defendant Paul Katritsis was not the mastermind of the frauds which will be proved during the course of this trial. However, the evidence will demonstrate that he was intimately involved in the loan transactions in question and that he performed acts vital to the obtaining of loans and that he did this with full knowledge that he was furthering a fraudulent enterprise.

Quickly just a word about two other individuals charged in the indictment who are not presently on trial before you. A. Ion Livas is a businessman closely related

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to Tidal Marine during 1970 and 1971 who became in early 1972 chairman of the board. His role was to assist in arranging and obtaining financing principally, but not only, in England for Tidal Marine and some of his own ship purchases. As you will see from the evidence many of his actions were carefully coordinated with the defendants on trial before you to successfully deceive various lending institutions into parting with millions of dollars.

The other individual in this indictment who you will hear quite a bit about is Harry Amanatides, the president of Tidal Marine. In addition to being the uncle of Paul Katrisis he was a close associate and friend of the defendants Costas Naslas and James Hanlon. You will learn that like Livas he spent much of his time in Europe, he played an important role, together with the defendants on trial before you with whom he worked hand in hand, in carrying out the deception.

Now, with this in mind I would like to just briefly turn to the specific charges of fraud which the government will prove. I should state, however, that not every defendant on trial is charged as being criminally involved in every fraudulent transaction charged.

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However, I think what you will find here is a similar pattern of deception running through these loan transactions, and that the action and knowledge of the defendants with respect to one loan transaction is highly relevant to the purpose and intent of his involvement with other loans in connection with which he is charged.

Now, I think in the following loans, various loans which are the subject of this indictment you may find it of use to refer to the chart. Now again, this chart is not in evidence but it is just presented to give you a sort of outline, sort of a list of the vital statisti of the various loans, and it's really set up very simple. The left column indicates the vessel or ship, name of the ship, which is the subject of the loan. The reason for the different colors is because some of these loans are made to groups of ships. For example, the Marilion, Krilion, Ilion, and Marilion, are really one loan. The second colum under financing of purchase lists the bank which made the loan and the date of the loan. The third column, which I think is self-explanatory, indicates the amount of the loan. The next column indicates the charter on the ship.

I think it is important to keep in mind that what is represented on this is the charter that was represented to the bank making the loan and, as I said, there wil

be proof in this case that many of these representations were indeed false.

The next column, refinancing, refers to seconds or additional loans made on the ships. As you will see, there are some cases where a loan, an initial loan was mad for example, to take one one on the Tachys onApril 14, 1971, for $3,250,000, and then later a time came, in this case in February, 1972, when a second loan was made at another bank on the same ship, which will often be called by the term refinancing and where there is refinancing the amount of refinancing is indicated.

Also, the terms of the charters as represented to the bank on the refinancings are indicated. As you will see again, just to take an example, there are many instance where the terms of the charter as represented to the first bank which made the initial loan are quite different from the terms of the charters as represented to the second bank which made the second loan. Again to take the Tachys as an example, the Bank of America, the evidence will show, was told that the ship was on a three-year charter. However, when it came time to obtain a loan some eight or nine months later from the National Bank of North America, the bank was informed that the ship was on a five-year charter. As I say, this chart is really just a source of reference

which you might find of some use to try to keep some of these things straight.

The earliest loan which is the subject of crimin charges in this case is a $4,000,000 loan made by the Bank of America in London in December, 1970, for the purported purpose of financing Tidal Marine's purchase of a ship by the name of the Techon. The evidence will show that this transaction began when John Sheneman, the law partner of James Hanlon, made a successful three and a half million dollar bid which was later reduced somewhat for the purpose of the ship. James Hanlon, the defendant, then arranged for the resale of the ship to Tidal Marine for four and a quarter million dollars.

Ultimately the transaction was arranged so that Tidal Marine purchased the Techon directly from its original sellers for a little under $3,400,000. As you will learn, however, this did not deprive the defendant James Hanlon of his profit on the transaction.

In October, 1970, the Bank of America had approved a 12.4 million line of credit to enable Tidal Marine to purchase four ships. This line of credit was subject to the condition that the loan amounts on each ship be the lower of 75 percent of the ship's purchase price or 60 percent of the ship's value. In other words, the bank just

wasn't willing to loan more than three-quarters of the ship's purchase price.

In November Tidal Marine requested a four millio dollar loan for the purchase of the Techon under this line of credit. Although the purchase price of the ship was as I have just mentioned, a little under $3,400,000, it was misrepresented to the bank that the purchase price was in fact five and a half million dollars. Of course, this had the effect of making the four million dollar loan request about 72 percent of the claimed purchase price and bringing it within the terms of the line of credit agreement and making the bank willing to make the loan.

Now, the closing of this loan, that is, the time when the necessary legal documents were executed and exchanged, occurred on December 9, 1970, with the defendant James Hanlon representing the borrowers.

Of course, as the defendant Hanlon well knew, the loan amount based on the false representation as the purchase price far exceeded the real purchase price of the ship. But a very interesting thing happened with the surplus funds obtained through deceiving the Bank of America

Following the closing $750,000 of the proceeds of the loans were disbursed to Kowloon Tank Ship Company. And what is Kowloon Tank Ship Company? A Liberian shell

corporation formed by the defendant James Hanlon on November 3, 1970, and used for his own private purposes. And the proof will show that Mr. Hanlon appropriated $325,000 of these fraudulently obtained funds, funds obtained from the Bank of America, through the misrepresentation as to the purchase price of the ship; that he appropriated these funds for his own private use.

Before going on, just a word about Liberian shell corporations. You will hear during the course of this trial about a great number of such corporations formed by James Hanlon. I think, of course, as you will probably learn such corporations can have perfectly legitimate purposes. The proof will show, however, that they were repeatedly used by all three of these defendants to facilitate fraudulent transactions and to conceal the true nature of the transactions.

The next transaction with which we are concerned, not next chronologically, but because of its similarity to the Techon is the purchase, financing and refinancing of the Aquario. You will find this here on the chart. It is a little further down. But as you will see, it bears many similarities to the Techon. What happened here, as the evidence will show, is that in the spring of 1971 John Sheneman, again who is James Hanlon's law partner,

learned about the offer of a 33-month charter if a ship could be located that could service it. You will learn that Mr. Hanlon then took up the matter with Mr. Amanatide and reported back that the principals of Tidal Marine would arrange the financing of the transaction.

You will learn that James Hanlon received 20 percent interest in this deal, in other words, that he owne 20 percent of the Aquario. Once the vessel was located to fill this charter, which was the Aquario, Mr. Hanlon arranged for 10 percent of the purchase price of the ship, the down payment, to be transferred from his Kowloon Tankship bank account.

The purchase itself was financed by the First National Bank of Boston in London for $780,000. This loan, however, was not based on the true purchae price of the ship, which was $795,000; rather, it was based upon a valuation of $1,300,000 which was presented to the bank.

Very interestingly, on the very day of the loan closing, James Hanlon filed two bills of sale on the Aquari one of which listed a purchase price of $795,000, the true amount, and the other of which fraudulently listed the purch price as $1,300,000, the amount the bank relied upon in making the loan.

Now, the fraud involved in the Acquario does not end here. The charter on the Acquario as accurately repres- ted to the First National Bank of Boston was for 33 months. In early 1972 the defendant James Hanlon and his associates attempted to obtain a new loan on the Acquario for $1,500,00 which was almost twice the original purchase price of the Acquario.

This loan was sought from the National Bank of North America. In order to induce the bank to make this loa Mr. Hanlon fraudulently represented to that bank that the Acquario was not, as he well knew, on charter for 33 months, but rather, that it was on charter for 42 months, thus makin the loan at least on paper much more attractive to the bank.

The reason for this is that as you will learn, i Hanlon had been telling the truth additional funds in the form of hundreds of thousands of dollars of charter hire would have been available for the loan's repayment.

The evidence will show that the purported

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42-month charter which James Hanlon submitted to the bank w as Mr. Hanlon was well aware, a forgery.

The remaining loans with which this case is concerned were made by the National Bank of North America, or for short, the NBNA here in New York.

Consequently, let me just outline the relevant banking procedures at this institution:

The lending officers of the Ship Loan Department during 1970, '71 and '72 were in order of authority, Gregory Spartalis, Joseph Metzger, and John Shevlin. These individuals -- I don't know whether you can all see it from where you're sitting, but they are listed on the right of th chart in back.

The procedures followed by the NBNA in making ship finance loans is very simple. When a loan officer wish to recommend such loan he had to present it to the Shipping Loan Committee. The Shipping Loan Committee consisted of t three members of the Ship Loan Department plus several senio members of the bank who had the authority to lend large amounts of money. When the three members of the Ship Loan Department wished to present such a loan to the committee, what they had to do was to submit a signed loan fact sheet and loan offering sheet to the Ship Department Loan Offering Committee for its use in evaluating the proposal.

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These documents contained information concerning such matters as the borrower, the term and purpose of the lo and perhaps most importantly, the collateral or security. Usually a ship charter which would be looked to for repaymen of a loan.

After these documents had been circulated among the Loan Committee members, the Loan Committee meets and decides whether or not to approve the loan. Once the Loan Committee does approve a loan you will learn that it is the job of the bank's attorneys to close, that is, to actually make the loan in conformity with the terms approved by the Loan Committee.

The evidence will show that the three defendants on trial before you through the Ship Loan Department officers made repeated misrepresentations to the Loan Committee, as well as to the attorneys who were responsible for receiving the actual documentation supporting the loan.

The first loan at the NBNA with which the charges in this case are concerned was for 2.2 million dollars to finance the purchase of the ships. The names of them are the Harilion, Kyrilion, Ilion and Marilion.

As originally represented to the bank, the ships were all supposedly on charter to a company called Unimar Seatransport. This loan was presented to the Loan Committee

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in late December, 1970, though it was not actually made until some time in early '71. Interestingly enough, the defendant James Hanlon had incorporated a Liberian shell corporation with the exact same name as Unimar Seatransport on October 9, 1970.

In addition, although the total purchase price of the vessels as represented to the bank was $2,700,000, they had in fact been purchased from a company for about $2,100,000. Again, the company from which Tidal Marine had purchased these vessels were called Scindia Steam Navigation Company, and again, James Hanlon formed a Liberian shell corporation with the very name of Scindia Steam Navigation Corporation, on December 16, 1970.

This loan proposal was approved by the Loan Committee subject to its approval by the charterers. Since the usual Unimar charter had been found unsatisfactory, this resulted in the substitution of charters on three of the four ships.

Again, a very interesting thing happened. The three new charters presented to the bank were with charterers by the name of Mitsui Lines, Japan Lines and Port Line/Blue Funnel. The bank closed the loans on all four of these ships in early 1971 on the basis of the existence of these purported charters.

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And James Hanlon represented the borrowers in these loan transactions. You will learn, however, that these charters were all forgeries and in fact totally non-existent.

The evidence will also show that the defendant James Hanlon incorporated two Liberian shell corporations, one called Port Line/Blue Funnel, and one called Mitsui Lines as part of an attempt to keep the names of the compan in whose names the charters had been forged.

By August of 1971 the NBNA had loaned approximately $10,000,000 to Tidal Marine in order to finance its ship purchases. At this time the bank Ship Loan Committee made a decision not to lend any additional money to Tidal Marine on account of the large amounts already outstan ng.

At the time, the evidence will show, that something new began to happen. An individual by the name of Mark Scufalos, the president of Unio Commercial Steamship Company, began seeking a series of ship purchase loans, supposedly in his own behalf, but actually, as you will hear, in behalf of Tidal Marine in an attempt to get around the bank decision not to loan any more money to Tidal Marine.

The defendant James Hanlon, Tidal Marine's lawyer, represented the borrower in each of the so-called Scufalos loans, in which Scufalos, as Mr. Hanlon knew, was in reality just fronting for Tidal Marine.

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The first of these was made for $3,300,000 in August of 1971 for the purported purpose of permitting Mr. Scufalos to buy out his partners' interest in six ships. The defendant James Hanlon represented Scufalos at this loan closing. He actually signed as the attorney for the six borrowing corporations.

The evidence will show that Mr. Scufalos was not exactly a stranger to Tidal Marine or to James Hanlon. In March of 1971 Scufalos had sold 13 ships to Tidal Marine in exchange for $15,000,000 and a large quantity of Tidal Marine's stock.

Now, in fact, the six ships on which the bank loaned Scufalos, the $3,300,000 in August, were as James Hanlon well knew, among the 13 ships that Scufalos had previously sold to Tidal Marine back in March. Thus, the bank totally unknown to itself but known to the defendant James Hanlon, was actually financing ships which Tidal Marine owned.

In other words, not only was Scufalos not buying out his partners' interest in the ships, but he had just finished selling them to Tidal Marine.

Shortly after this loan closing, Mr. James Hanlon again represented the borrowers in a $1,700,000 loan for the purported purpose of permitting Scufalos and A. Ion Livas who later became Tidal Marine's chairman of the board to purchase two ships by the name of the May and the June.

Again, as Mr. Hanlon well knew, these were also among the 13 ships which Scufalos had previously sold to Tidal Marine.

By the late fall of 1971 Tidal Marine was developing a critical cash shortage. The company's plight was made even more critical by the fact that the shipping market suffered a serious depression in 1971 and 1972 which made it difficult to find companies willing to rent or charter ships at a rate profitable to the owner. Many Tidal Marine

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ships, as you will learn, were laid up or unemployed during this period which is something like owning an office building which you are unable to rent.

In short, by late 1971 Tidal Marine was in drastic need of additional cash, despite having already received the proceeds of the Scufalos loans which were actually loans to Tidal Marine. Moreover, Tidal Marine was confronted by the decision of the Loan Committee not to loan any additional money to it.

In November the management of Tidal Marine took decisive measures. Right on the premises of the National Bank of North America, Harry Amantides, the president of Tidal Marine, entered into an agreement with the officers of the Ship Loan Department to pay bribes of tens of thousands of dollars to these officers for their approval of loans to Scufalos and to a borrower by the name of Panayotopulos for the purported purpose of enabling them between them to purchase four ships from Tidal Marine.

You will learn that Amanatides said that Scufalos would be represented as the purchaser of two ships, the Tropis and Tekton and Panayotopulos.

The bank officers agreed to provide these two additional loans for Tidal Marine in exchange for receiving the promised cash bribes. In fact, you will hear how on the

very day of the closing of the loans on the first two ships, that is the Tropis and the Tekton, right inside the bank itself, Harry Amanatides handed envelopes to bank officers of the Ship Loan Department, envelopes containing $10,000 in cash, as the first installment of the funds which he had promised.

Now, this turned out to be only the first of fi payments which these officers received between late Decembe 1971 and early 1972, payments totalling to each officer, $42,000 in cash and $3,000 in Travelers Checks.

You will hear in great detail how these bribe payments were arranged and made. The evidence will show that on two of these occasions, one in early and one in late January, the defendant Costas Naslas paid cash bribes of $20,000 to Shipping Department loan officers.

You will learn how Mr. Naslas made the arrangements to obtain the cash to pay these bribes. How he arrang for withdrawals of the money from Tidal Marine related accou for totally fictitious purposes in order to disguise the corrupt purposes to which he put these funds.

You will see the checks signed by Naslas which were used by him to withdraw the $40,000 which he paid in bribes.

Now, these bribes, you will learn, were not paid

in vain. They induced their recipients to loan over $14,000,000 on the four ships in question. The first of th loans to close in December were $5,500,000 was for the purported purpose of enabling Scufalos to purchase the Trop and Tekton which were claimed to be on five-year charters t B.P.

James Hanlon submitted and the defendant Paul Katritsis signed as president of the borrowing companies, a statement that 100 percent of the stock of the borrowing corporations had been owned by Union Commercial Shipping Company for one year.

Naslas signed a document as vice president of one of the borrowing companies authorizing registration of the bill of sale for the ships.

Paul Katritsis signed documents representing tha these purported five-year charters were in effect, were actually operating on the Tropis and the Tekton.

Forged five-year charter parties which you will see, were actually submitted to the bank.

Now, as the defendants well knew, both the representations as to the ownership of the ships and as to the length of the charters were totally false and made for th purpose of disguising the fact that Tidal Marine owned the ships and for the purpose of fraudulently over-valuing the

security available to repay the loans. In fact, as is indicated on the chart, both these ships, the Tropis and the Tekton, had been previously financed by the Bank of America in London on the basis of three-year charters and as you will learn, this fact was well known by James Hanlon as Tidal Marine's attorney.

Costas Naslas, as the person responsible for the operation of these ships after their purchase was intimately aware of the terms and conditions of their charters. The difference between the three-year charters which actually existed and the five-year charters represented the National Bank of North America you will learn actually represented a difference of millions of dollars of income available to rep the loan.

Thus, the forged five-year charters drastically increased the amount of money that the bank was willing to loan.

You will also learn that Mark Scufalos had nothing to do with the purchase of the Tropis and the Tekton and that he was used merely as a front to overcome the unwillingness of the bank to loan any more money to Tidal Marine.

James Hanlon, as Tidal Marine's attorney, you will learn, furthered this deception by forming the corporations purchasing the ships supposedly in Scufalos' behalf.

You will even learn that he billed Tidal marine for the formation of the corporations which he claimed to the bank was Scufalos' companies.

Now, the next and one of the last loans made by the Ship Loan Department in exchange for bribes was for a little over $4,200,000 on a ship by the name of the Aries for the purported purpose of enabling a purchaser to buy the ship from Tidal Marine and thus alleviate Tidal Marine's cash shortage.

This loan was closed in late December. Once again, it was claimed that the vessel was on a five-year time charter and a forged charter party was submitted to the bank to that effect.

The defendant Costas Naslas actually signed a memorandum of agreement on behalf of the Tidal Marine subsidiary owning the ship stating that the ship, the Aries, was on a 60-month or five-year time charter. In fact, the proof will show that the defendant Costas Naslas had signed on behalf of the very same company the real three-year charter on the Aries only weeks before his misrepresentation to the bank that the charter was for five years and again the proof will show that this deception had the effect of adding more than $1,000,000 to the value of the ship for loan purposes.

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The final ship financed by the ship loan department as part of their corrupt bargain was the Tachys. Again the purpose of the loan was for four and a half million dollars and made in early February, 1972, was to enable a purchaser by the name of Michael Panayotopulos to buy the ship from Tidal Marine. Once again fraudulent misrepresentations which followed a familiar pattern were made to obtain this loan.

As you will learn shortly the Tachys had original been purchased by Tidal Marine in early 1971 from an individual by the name of Caragorgis together with the Tropis and Tekton which I have already mencioned. All three of these ships were purchased with and financed on the basis of three-year charters to British Petroleum as the defendant Hanlon knew from his work as Tidal Marine's lawyer.

The defendant Naslas, the evidence will show, managed the Tachys from the very time of its purchase. An interesting thing happened when it came time to apply for the four and a half million dollar loan. The defendant Paul Katritsis signed a forged five-year charter party on the Tachys which was submitted to the bank in connection with this loan. Mr. Katritsis also, you will learn, caused a certificate to be signed for submission to the bank which

stated that the forged five-year party was accurate and complete.

The defendant Costas Naslas wrote a letter to the bank in behalf of Tidal Marine in connection with this loan stating that a five-year charter was in existence on the Tachys. The defendant Hanlon represented Tidal Marine at the closing and arranged for the production of the fraudulent documents necessary to close the loan, though he was fully aware that they contained fraudulent representations.

As you will learn in this case the fraud committe by the defendant was really twofold because not only was the five-year time charter on the basis of which the loan committee approved the loan a forgery, but the Tachys was not even on its original three-year BP charter because this had been transferred to another ship in May of 1971 and the charter on the Tachys had been cancelled, leaving it without any reliable source of income whatsoever.

Even the Tachys did not fully alleviate Tidal Marine's cash shortage. By March and April of 1972 it was apparent that Tidal Marine was in serious financial difficulty. Once again Tidal Marine, with the full participation and assistance of the defendants James Hanlon and Costas Naslas used Mark Scufalos as a front to borrow

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yet more money. The purported purpose of this loan which was for $3,200,000 and approved in April, though it was not actually made until June, the purpose of this loan as represented was to enable Scufalos to buy a ship by the name of the Tagma.

James Hanlon and Costas Naslas actually represent to the bank that Scufalos had been the sole stockholder of the corporation purchasing the Tagma for over a year. In fact, of course, as the evidence will show, Scufalos had nothing to do with the purcha[illegible] of the Tagma. The real purchaser and the real borrower from the bank was once again Tidal Marine.

You will also learn that the officers of the ship loan department were promised additinal bribes in connection with this loan as well as with other loans to finance the purchase of a ship by Costas Naslas. As a result of Tidal Marine's subsequent financial collapse, however, you will learn that these bribes were never actually paid.

There will be other evidence in this case, but I will leave that to the witnesses. You will hear a number of witnesses testifying for the government and I ask that you please try to be patient and keep in mind that only one piece of evidence can be presented at a time

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and sometimes the importance of something early in the case may not be completely apparent until you heard additional testimony or see additional documents later on.

I think despite the many transactions you will really find this case reasonably easy to follow if you just ask yourselves as the trial progresses and as the testimony comes in and as documents are read or shown to you, if you just ask yourself what the testimony or documentary evidence introduced shows concerning the nature of the transaction in question or the defendants' knowledge or participation in the fraudulent misrepresentations made for the purpose of securing loans.

Just to take an example, the evidence will show that from relatively early in the sequence of events the defendants were all placed on very clear and unequivocable notice that Tidal Marine was obtaining bank loans on the basis of false and non-existence charters.

There is just a final matter I would like to very briefly comment upon. Among the witnesses you are going to hear at this trial are Mark Scufalos, the man used as a front by Tidal Marine to borrow millions of dollars.

You are also going to hear from other witnesses who will be able to give you a real inside view of exactly

what was going on here. Some of these people have not exactly covered themselves with glory in these matters. In fact, some have pled guilty to crimes arising out of this affair and are presently awaiting sentencing.

The government invites you to carefully scrutinize their testimony, but please keep in mind that the question for you to consider is really not what bad things they have done, but whether what they tell you from the witness stand is actually what happens. Whether, for example, their testimony is consistent with other evidence in this case, and I think you will find that the answer to both these questions is yes.

Although this case will require your close attention I think that if you concentrate on the main themes of the proof, on the evidence of the false statements forged charters and bribery you will find this to be a relatively simple case. It is, however, an important one. The importance of a case to the defendants is obvious, but it is also important to the government.

MR. FLEMING: I object to this, your Honor.

THE COURT: Yes, sustained.

MR. GLEKEL: All the government asks is that you decide the case on the facts and that you use your common sense to draw the logical conclusions from what you

hear and from what you see. The government is confident that after hearing the evidence and using your common sense you will have no difficulty in concluding beyond a reasonable doubt that the defendants James Hanlon, Costas Naslas and Paul Katritsis are guilty as charged.

Thank you.

THE COURT: I am going to give you a short recess, ladies and gentlemen. You can go out and stretch and then come back for the next opening statement.

(Recess)

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T5A (In the courtroom in the presence of the jury.)

MR. FLEMING: May it please the Court, Mr. Glekel, Mr. Foreman, members of the jury. You know my name is Peter Fleming and with Mr. Sprizzo and Mr. Mansfield we all together represent Mr. Hanlon, Mr. Naslas, and Mr. Katritsis.

Let me beg of you for one thing, and that is to ignore what the lawyers say in this courtroom, except when they are questioning witnesses, and in the end of this case when they are arguing this case to you. What lawyers say -- and I am a lawyer and Mr. Glekel is a lawyer what they say is not evidence and it is not proof of anythi. I am beginning you for that right, that you wait and you hear this case. You hear the evidence as it comes from the witnesses and hear the evidence as we cross-examine the witnesses and then you decide what the truth is. Not what the lawyers tell you, and I include myself in that, but what you decide as the jurors, what you decide as the people representing the United States of America, the truth is. That is what I beg of you.

Let me give you an example. I don't have any of my own charts. You heard Mr. Glekel talk about this transaction, the Techon and how Mr. Hanlon committed

some grievous fraud in connection with the Trechon and how Mr. Hanlon committed some grievious fraud in connectic with the Trechon. If I recall, Mr. Glekel said that it was represented to some bank, the Bank of America, that the purchase price of this vessel was five and a half million dollars and because that representation was made the bank lent four million dollars.

The evidence will show that that vessel was found by Mr. Hanlon, was purchased by a subsidiary of Tidal Marine Corporation from a company called Commercial Petrolera Latino-american. And the evidence will show a letter by Mr. Harry Amanatides, about whom you have heard very little so far to the Bank of America in which he asked the Bank of America to disburse to the selling company not five and a half million dollars, but $3,035,000 as the price of the vessel. Mr. Glekel talked to you, he told you that one of the themes in this case, what he called fictitious or fraudulent charters, the rent paid for the ship. There were without dispute false or fictitious which means non-existent, charters employed by Tidal Marine in this case. The evidence will show, perhaps with no exception, that every one of those charters which were false and we do not dispute that, were prepared in London, England, were prepared by a man named Ion Livas, Harry Amanatides, and Michael Blonsky. And those men are not

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here on trial.

The question you have to decide, and it is a difficult one, the question you have to decide is where a crime has been committed, because we do not dispute that crimes were committed, where a crime has been committed on men who are associated in one way or another with those who commit the crime guilty also? The question you are going to have to decide is where a crime is committed, did any one of these three men know that a crime was being committed, participate knowingly in the commission of that crime, or are they here simply as allegedly guilty by means of association?

This case, you may find, is about knowledge. Again, don't rely on lawyers. Mr. Glekel that Mr. Naslas signed a fraudulent charter on the Aris, one of the ships, Mr. Naslas signed it. The evidence will establish that that charter was signed by Mr. Harry Amanatides, not by Mr. Naslas, although the evidence will also establish that Amanatides brought the sixth or seventh or eighth page of the document with the signature on it and poor Mr. Naslas wrote his name, Costas Naslas, witness to the signature of Harry Amanatides.

Does that mean that because Costas Naslas witnessed as accurate the true signature of Harry Amanatides that he

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knew that the charter was phony? Those are the hard quest: you are going to have to decide.

Let me tell you about the three men I represent, we represent. Jim Hanlon is 48 years old, he is an attorn: He served in the Merchant Marine himself. He went to Masters and Maritime Academy for a while, got his third mate degree, has always been close to the sea. Then went to Holy Cross. Served in both the Merchant Marine and the Navy during the Korean War. Is married, six children, practicing law here in New York.

Mr. Naslas is 49 years old. He was born in Greece. He came to the United States i 1956 to work. Within days after he was here he had a job. He worked for more than ten years with a company called Farboil and his job was selling paint for ships. He is married, two children.

Paul Katritsis today is 25 years old. At the time of these transactions Paul Katritsis was 20 and 21. He is not married. He was born in upstate New York. His mother was Harry Amanatides' sister, and when he was a year old his father left and he and his mother moved to New York and they went and moved in with Harry Amanatides and with the grandparents of Harry Amanatides and Paul's mother. And Harry Amanatides raised him. He went to Fordha

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for two years, pre-law, decided against this, went to St. John's for a business education. Wanted to drive a taxi at night --

MR. GLEKEL: Objection, your Honor.

THE COURT: I will leave it to the jury to determine whether that has any bearing after they have heard the evidence. Go ahead.

MR. FLEMING: Wanted to drive a taxi at night while at St. John's and instead was persuaded by Harry Amanatides to come to New York first part time and then after January 1, 1972, full time at Tidal Marine Corporatic

These three men have one thing in common: they all came to know and befriend and respect Harry Amanatides. Jim Hanlon met Amanatides in 1963. Almost purchased a ship with him at that time. When Amanatides started Tidal Marine Corporation, and I will get to that in a moment, Hanlon became the attorney for admiralty matters. He was at that time a member of a law firm. The fees that were paid by Tidal Marine went to the law firm.

Costas Naslas met Harry Amanatides less than a year after he had come to the United States while he was selling paint. They became close friends, and when Tidal Marine was formed Harry prevailed upon Costas Nastas to come to New York at Tidal Marine, not as a financier or

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promoter, but first in charge of the ship supply division of the company and next to learn how to operate the ships; a working part of the corporation.

Paul Katritsis, I have explained his relationshi; the nephew who grew up with Harry Amanatides.

This case is basically about loans and it is about fraud and it is about bribery. You will hear evidence how loans operate. But let me identify a few people before we get to that, a few people upon whom Mr. Glekel did not concentrate.

This is Tidal Marine International Corporation. Harry Amanatides, president. Young Greek American, present in Greece. Started this company in or about 1968 or '69. Wanted to build a ship company.

Ion Livas, a Londoner, I believe, by birth, presently in London. Joined with Amanatides --

MR. GLEKEL: Your Honor, objection.

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THE COURT: Ladies and gentlemen --

MR. FLEMING: Is that disputed, your Honor?

THE COURT: Mr. Fleming, I will brook no comment from any lawyer in the presence of the jury. This is a direction to both counsel.

Ladies and gentlemen, the purpose of an opening statement on either side is for the lawyers to give you a road map to what they expect to show in the case. And as Mr. Fleming himself has said, correctly, what they forecast they are going to prove in the case may or may not be established, because the jury will determine what the evidence is from the evidence as it is received in the case, from witnesses and from the documents.

At this state, each of the lawyers is presenting to you what they think will occur over the next several days. And it must be considered in that vain and not taken as gospel. The gospel will be what the evidence is.

You may continue.

MR. FLEMING: Amilcas Livas, and over here, Mark Scufalos, identified on this chart as president at the relevant period of time of Union Commercial Steamship Company, Ltd. The evidence will show that Mark Scufalos at the relevant period of time was also the largest single shareholder of Tidal Marine International Corporation. And the evidence

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will show that he was in essence acting in partnership with Amilcas Livas, and the evidence will show that they were acting in partnership in London, England.

The evidence will also show that Tidal Marine ... not Costas Naslas or James Hanlon or Paul Katritsis. The National Bank of North America Ship Loan Department. Gregor Spartalis, vice president, Joseph Metzger, vice president, John Shevlin, assistant vice president.

The evidence will show that these three men had what purported to be the initial authority at the Bank of North America, and almost all of those loans are Bank of North America loans; that these three men had what purported to be initial authority to grant loans on ships.

You may find from all the evidence that they had total authority. And you may find on all the evidence you ... that during the period of time in question more than one million dollars was paid to these men by Amanatides and Liv...

We believe the evidence will show two areas of activity in this case. One corrupt and guilty, the other innocent. The evidence will show that a bank loan on a ship, on these ships, was obtained in the following way:

Application was made by the borrower, Tidal Marine Corporation, for example, to one of these men; usually John Shevlin; that the facts about the loan were

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obtained principally from Amanatides and Livas and occasionally Scufalos, to these men; that a loan fact sheet was drawn up, often by Shevlin, sometimes by Metzger, and would be reviewed by those three men who would then go to their supposed reviewing authority at the bank with a united front in favor of the loan. Bought and paid for, you may fi

You may find from the evidence that you will hear that the recommendations of those three men, Spartalis, Metzger and Shevlin, were virtually rubber stamped by the reviewing authority at the bank who relied entirely upon them, who relied entirely upon the representations made in these loan fact sheets. Senior bank officers who themselves were fooled.

The evidence will show that when those loans were approved, the bank would hire a lawyer -- the bank woul hire a lawyer to protect the bank's interests, and that the bank's lawyer would be responsible for drafting the loan agreement and for making sure that all the documents necessa to complete the loan as set forth in the fact sheet were in hand.

And you will hear testimony that the lawyers for the bank itself relied upon these three men; and that the lawyers for the bank itself, hired by the bank to prot ct the bank's interest, were fooled.

And then the formalities set in, you may find from all the evidence. The loan having been approved, the bank's lawyer having been retained, the documents drafted, there was a closing and various documents were signed. There is no question that each of these three men on occasion signed various documents. And the question you are going to have answer is whether they signed them innocently or whether they signed document knowing that some of those documents were false and fraudulent. And in answering that question, I just ask you to look for proof of it. Not innuendo, not suspicion but proof of knowledge.

So we submit that the evidence will show massive misconduct on the part of Amanatides, Livas, Scufalos, and these three men, the Ship Loan Committee of the Bank of North America.

The evidence will show that those three men at that bank and Livas and Amanatides and Scufalos, two of them running Tidal Marine, the other the major shareholder in a public corporation, Tidal Marine, they fooled the bank's lawyers, they fooled higher bank officials, and they fooled these men who were here in New York and not in London.

You may find that the government recognizes in part the question that this is a case against these three men because there is an accusation here in this trial about which

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you will hear evidence and which you should consider. And that is, that Costas Nastas paid, personally paid, some of these bribe monies.

The witness is going to be John Shevlin. Right here. Admitted corrupt bank official. And he is going to say that Costas Naslas paid him $10,000 in an envelope on t separate occasions and paid Metzger $10,000 in an envelope on the same two occasions.

He is going to say that that took place in late January, early February of 1972. When you hear that testimony, ask yourselves certain questions; ask yourselves, does Shevlin have a motive to lie, since he is facing sentencing. Observe his demeanor, determine how he came to accuse Naslas of actually giving him money, how he came to incriminate Costas Naslas in this massive corruption,which without dispute ran between Amanatides, Livas and these bank officers.

Ask yourselves if it makes sense, that where mor than a million dollars in bribe monies are being paid, sudde Costas Naslas is handing out 20 to 40 thousand dollars of it, all of a sudden.

Ask yourselves whether it makes sense when the facts will show Costas Naslas had resigned from Tidal Marine Corporation by letter dated November 1971 because he could not work with Ion Livas and remained at Tidal Marine when h

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supposedly made pay-offs only because his close friend, Harry Amanatides, had asked him to hang on for six months so that Amanatides could find a replacement.

Consider that testimony carefully, weigh it, see if you believe it. And if you do not, ask yourselves whether it is not just an attempt to get these three men out of the outer circle, the lawyers for the bank in New York, the senior officials in New York, all these men who didn't know, these men in New York, get them out of the circle who were fooled into the corruption.

This indictment is about false statements, fraud, it is about bribery. But this case is about the participation of these three men or any one of them, in fraudulent, false statements and bribery.

You are not guilty in this country by association. We are guilty only by evidence which convinces you beyond a reasonable doubt that we knowingly and willfully committed a crime.

I leave you with three or four requests. The evidence comes from the witness stand. Remember, it is not just what a prosecution witness says when Mr. Glekel questions him on what is called direct examination. Allow us and pay attention to the cross examination. And the evidence also is not just what is said. It is what you believe. What is

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credible, what do you find to be the truth, and remember all that we start out ahead. It is a funny country. Judge Pollak will charge you on the law. He has already stated it: We are presumed to be innocent in this country and we are presumed to be innocent until the great government of the United States with its power, establishes guilt beyond a reasonable doubt, to your satisfaction.

Finally, be patient. Listen to all the evidence if you can stay with us. We come last. You see these boxes of documents. I don't know how many are going to be introduced. You may find when the case is over that the case against these three men, the case against these three men could have been put in about a day and a half. You are going to hear about Amanatides and Livas and corruption. We do not dispute it. We are here and we have pleaded not guilty because we did not know.

You be fair and we will be satisfied with your verdict.

THE COURT: Call your first witness.

MR. GLEKEL: Your Honor, at this time the government would like to offer a number of documentary exhibits into evidence which are identified and set forth on a sheet which is to be marked as Government's Exhibit 975 for identification.

I should add it is a number of sheets. It is a fifteen-page document which enumerates the exhibits.

THE COURT: Received without objection.

(Government's Exhibit 975 was received in evidence.)

MR. GLEKEL: Your Honor, at this time the government would also like to offer into evidence several of

the charts which are based exclusively on documents which had been introduced into evidence and are not dependent upon oral testimony.

THE COURT: Are they already tagged?

MR. GLEKEL: Yes, your Honor. These charts have been marked as Government's Exhibits 900C, 900A and 900F.

THE COURT: Received without objection.

MR. FLEMING: I was writing out my objection.

THE COURT: All right.

MR. FLEMING: I thoght you wanted me to write everything out.

THE COURT: No. I expect you, in such cases, to say you object and then give me your reasons on paper.

The charts 900A, 900C and 900F are received, subject to connection, and relevancy only. The documents enumerated in Exhibit 975 are received subject only to the objection of relevancy, except Exhibit 306 and 325, which is objected to and marked for identification at this time, being a mortgage of the First National Bank of Boston.

(Government's Exhibits 900A, 900C and 900F, were received in evidence.)

THE COURT: Does that treatment of the exhibits accord with your approval, Mr. Fleming?.

MR. FLEMING: Yes, your Honor. I have one other.

THE COURT: I don't understand this memorandum which is marked Court's Exhibit 1. I don't understand what you are seeking to preserve, Mr. Fleming. You will have to spell it out. It is ambiguous to me. The reporter may take in the language of that objection into the record. And unless it is spelled out, I am not informed of the basis of the claim, and therefore cannot rule.

(Court's Exhibit 1 reads:

"We also preserve any appropriate hearsay objections other than to business records.")

THE COURT: Ladies and gentlemen, so you won't think this is some kind of a mystery that's going on, all of what we are doing is arranging to get voluminous papers which form the groundwork of a case if they are ultimately in the record before you without a lot of technical difficulty about their genuineness and usefulness as evidence.

You will be given the opportunity as the trial goes on to learn what is contained in these papers and to the degree that they have been established to be relevant, which is the only objection that is preserved other than as to the one document that I mentioned, you will learn what they contain by way of evidence for you to consider, but in this manner and with a high degree of professional responsibility the lawyers have agreed to get this material into the record

in this way so as to save days on end.

All right.

This is technical and the jury need not concern itself with it.

I have a note that says "To the extent that the documents admitted may contain statements not properly admissible as business records. For example" -- and we can leave out the example. The defendants are entitled to and do preserve a proper hearsay objection to such statement I think that covers it.

All right, go ahead.

MR. GLEKEL: Your Honor, the government calls Dennis Bustard.

D E N N I S B U S T A R D, called as a witness on behalf of the government, having first been duly sworn, testified as follows:

THE CLERK: What is your address?

THE WITNESS: Little Coppice Church Road, Penn Bucks, Buckinghamshire, England.

DIRECT EXAMINATION

BY MR. GLEKEL:

Q Sir, how are you employed?

A I am employed by the Bank of America in London, England.

Q How long have you been there for?

A I have been with them in London, England for th last twelve years.

Q What is your present position there?

A I am an assistant vice president.

Q What was your position during 1970 and '71?

A I was assistant vice president at that time.

Q What were your duties at that time?

A I was responsible for the bank's relationship wi a considerable number of customers. I was a lending officer with the bank.

Q Did these customers include an account by the name of Tidal Marine International Corporation?

A Yes, t . did.

Q Directing your attention to the fall of 1970, di a time come when the Bank of America entered into a credit agreement with Tidal Marine?

A Yes.

Q What was the nature of that agreement?

A The bank agreed to extend to Tidal Marine and/or to subsidiary companies that it had or might at some future date establish, a line of credit of $12,400,000.

rgh 1 Bustard-direct

Q What is a line of credit?

A A line of credit is a determination by the bank to lend a sum of money at the request of a customer and to lend it to that customer, advising it to that customer, the amount being specific, normally for a specific period of time and for a specific purpose upon certain terms and conditions being fulfilled.

Q Do you recall the general terms of the Tidal Marine line of credit agreement?

A I can recall them in general, yes. If you were to ask me to name the seven or eight specific conditions I might find some little difficulty without refreshing my memory from papers or files that I believe you have.

Q Do you recall the principal conditions?

A I certainly recall the principal conditions. The purpose of the line of credit was to enable the customer to make purchase of vessels. There was a condition we would lend sums of money for this purpose, such sums of money being limited to 75 percent of the purchase price of the vessels or 60 percent of an independent valuation of the vessels which the bank would obtain and the amount loaned would be the lesser of those two amounts

Q Would this maximum of 75 percent of the purchase price or 60 percent of the valuation apply to each vessel

rgh 2 Bustard-direct

separately?

A It would apply to each vessel separately.

Q How many vessels were covered by this line of credit agreement?

A Four.

Q Approximately when was this line of credit agreement entered into by the bank?

A October, 1970, as far as I remember.

Q Did a time come when the Bank of America London made loans pursuant to this line of credit agreement?

A Yes.

Q Do you recall the first of these loans?

A I recall the first of these loans. If I could refresh my memory as far as dates are concerned, I have a paper here.

Q Mr. Bustard, please feel free to refer to any notes which assist your recollection.

A Thank you.

The first loan, yes, was a loan of $4,000,000 and this was made on or about December, 1970.

Q Do you recall who asked for this loan?

A The persons concerned?

Q Yes, sir.

A The persons concerned were two: Mr. Amanatides

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and a Mr. Livas.

Q What was the purchase price of the Trechon as represented to the bank?

A Five and a half million dollars.

Q Were you made aware at the time by anyone that the ship had been purchased at a price under three and one half million dollars?

A No, sir.

Q Would this have affected your judgment if you had been told this in making the loan?

A Most certainly it would have.

Q Why is that?

A Because the terms of the line of credit which were agreed for this particular customer included certain terms and conditions that the banks loan committee had approved. One of those conditions was, as I said earlier, that we would lend 75 percent, or up to 75 percent of the purchase price or 60 percent of an independent valuation. That would be the maximum amount that we would lend.

Q What was the purpose of this loan as represented to the bank?

A The purpose of the loan was to enable the company to purchase and take delivery of a vessel.

Q That was your understanding of what the proceeds were to be used for?

A Entirely, yes.

Q Directing your attention to 1971, did a time come when the Bank of America made additional loans to Tidal Marine pursuant to the line of credit agreement?

A Yes, we did.

Q Do you recall what ships these were on?

A Yes. There were three more vessels. The names of the vessels were the Tachys, the Tekton and the Tropis.

Q Turning to the Tachys first, what was the amount loaned by the Bank of America on that ship?

A The Tachys, we loaned $3,250,000.

Q What was the purchase price as represented to the bank on the Tachys?

A $6,000,000.

Q Would the amount that the bank was willing to loan have been affected if you had been informed that the purchase price was $5,000,000 rather than $6,000,000?

A Yes, it would.

Q Was any representation made to the Bank of America as to the charter on the Tachys?

A Yes. We were told what charter she would be operating under.

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Q Do you recall what charter that was?

A Yes. It was a charter to BP Tanker Company. British Petroleum Tanker Company for a period of three yea:

Q Do you recall approximately when this loan was made?

A The loan was made in December, 1971.

Q The loan on the Tachys?

A The loan on the Tachys, the first advance was made in December, 1971, I think.

THE COURT: Check the date again.

Q Let me show you Government--

A I do in fact have it here. That was my error. It was made in April, 1971.

THE COURT: Mr. Reporter, will you read that last statement by the witness so the jury can hear it.

(Record read)

Q Mr. Bustard, was the Tachys previously known under a different name?

A Yes, it was.

Q Do you recall what that name was?

A I would have to have recourse to that file in order to answer that question.

Q Let me show you Government's Exhibit 46 in evidence and ask you whether that refreshes your recollectic

A Yes, it does.

Q What was the prior name of the Tachys?

A It was known as the Floga.

Q Now turning to the next of the three ships, the Tekton, do you recall the amount of money that the bank loaned for the purchase of that ship?

A Yes. It was $2,400,000.

Q What was the purchase price of that ship as represented to the bank?

A 3.5 million dollars.

Q Would the amount you were willing to loan have been affected if youhad been informed that the purchase price was $2,400,000?

A Yes, it would.

Q Do you recall approximately when this loan was made?

A According to my notes about May, 1971.

Q Do you recall the previous name of this ship?

A The previous name of this ship was Mak.

Q Does that stand for Michael A. Karageorgis?

A Ys. Mak is an abbreviation for that name.

Q What was the charter arrangement on this ship as represented to the bank?

A Again, a time charter for three years with

British Petroleum Tanker Company.

Q Turning now to the last loan on the Tropis. What was the amount of that loan?

A $1,350,000.

Q What was the purchase price as represented to the bank?

A $2,400,000.

Q If you had been informed that the ship had been purchased for half, $1,500,000, would that have affect your judgment in making this loan?

A Yes, it would.

Q Would such a loan have been made pursuant to the line of credit agreement?

MR. SPRIZZO: Objection, your Honor.

THE COURT: Sustained. What effect would knowledge of the normal price have in connection with the line of credit arrangement?

THE WITNESS: Will you repeat the question, please.

THE COURT: Read that to the witness, please.

(Question read)

THE WITNESS: It would have reduced the amount of money which the bank would have been prepared to lend.

THE COURT: By how much would it have reduced it or how would the loan have been considered?

THE WITNESS: The conditions -- the maximum amount we would lend would be 75 percent of the purchase price of the vessel, would mean that we would lend 75 percent of the lower of those two prices.

Q What were the chartering arrangements on the Tropis as represented to the bank?

A British Petroleum Company for three years.

Q Did the Tropis have a different name before it became the Tropis?

A Yes, it did.

Q What was that?

A It was known as the Ketty.

Q In making these loans was any consideration given to the chartering arrangements?

A Yes, very considerable consideration.

Q Why is that?

A The nature of the charterer, the integrity of the charterer is of prime importance to the bank in considering a loan of this sort because the ability of the charterer to pay a sum of money over a period of three years is of prime importance to the bank, since this represents the bank's source of repayment, loan repayment.

Q Let me show you Plaintiff's Exhibits 976-A and 976-B in evidence and ask you whether you can idenify them.

A I can identify them.

Q What are they?

A Exhibit 976-A are photocopies of the current account, otherwise known as an operating account, of Galaxy Steamship Corporation running from the period February, 1971, until the account became disused in December, 1972.

Q And the second exhibit, 976-B?

A The second exhibit is a series of photocopies of credit or deposit items as supplied to this particular

account.

Q Do these two exhibits contain information regard: charter hire payments?

A Yes, they do.

Q Made on the Tachys, Tekton and Tropis?

A Yes, they do.

Q Mr. Bustard, did a time come when the loans on these four ships, the Trechon, the Tropis, the Tachys, and the Tekton were paid off?

A Yes.

Q Do you recall the means by which they were paid off?

A They were all repaid by means of the companies concerned refinancing the amouns that were owed to the Bank of America by obtaining financing elsewhere.

Q By refinancing, you mean obtaining new loans?

A Obtaining new loans.

MR. GLEKEL: Your Honor, I have no further questio.

THE COURT: Do you have any cross of this witness?

MR. FLEMING: Mr. Sprizzo will cross-examine.

THE COURT: Let me ask you this question: Will you be more than a few minutes? I want to make a telephone call on behalf of one of the jurors.

MR. SPRIZZO: I will be more than a few minutes.

THE COURT: All right, we will take a five-minute recess.

(The jury left the courtroom)

(Recess)

allt 1 Bustard-cross

(In open court - jury present.)

CROSS EXAMINATION

BY MR. SPRIZZO:

Q Mr. Bustard, who did you deal with at Tidal Marine in connection with these loans?

A Two gentlemen. Mr. Amanatides and Mr. Livas.

Q Were they usually together?

A Normally together, yes.

Q Do you recall how you met them?

A When I met them?

Q Do you recall how you met them.

A We met them very often by appointment at the bank, at the Bank of America building. On one or two occasions we met them at their office in London.

Q How did you first meet them?

A I don't recall the circumstances of my first meeting with them.

Q Do you have any recollection at all on that?

A I think the first -- and I emphasize this -- I think the first meeting took place in the Bank of America, London branch.

Q Did you get to see Mr. Amanatides and Mr. Livas on a fairly regular basis during the period 1971, 1970?

A Yes, they were frequently in contact with us.

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Q Prior to the time that the line of credit was established, how long did you know both Mr. Amanatides and Mr. Livas?

A I would say about a year.

Q So you knew them a year before the line of credi was actually established?

A Approximately a year before the line of credit that we have been discussing, yes.

Q All during the period of that year, were you discussing the possibility of a line of credit?

A I can't say when we first started to discuss that particular line of credit. We had other business with them before that.

Q Did you come to know Mr. Amanatides and Mr. Liva rather well?

A Fairly well, yes.

Q Did you get to know them in a social context as well as a business context?

A Yes, to a certain extent.

Q As a matter of fact, they invited you over to Greece, is that correct?

A That's correct.

Q As a matter of fact, you went to Greece with your wife, is that correct?

A I did go to Greece.

Q And they entertained you in Greece?

A Yes.

Q They paid for your hotel bill?

A Yes.

Q Who paid for you hotel bill, Mr. Amanatides or Mr. Livas?

A I can't answer that question. I don't know.

Q Did they show you any of the spots in Athens when you were there?

A Yes.

Q And you went to Piraeus, is that correct?

A We did.

Q And Mr. Livas brought you to a shipyard?

A I beg your pardon?

Q Did Mr. Livas bring you to a shipyard in Greece?

A He showed me a shipyard in Greece.

Q Which he represented as a shipyard he owned?

A He represented it as a shipyard in which he had some interest, not which he owned, to the best of my recollection.

Q There were some occasions when Mr. Amanatides and Mr. Livas came to London, is that correct?

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A Yes, they were frequently in London.

Q And you entertained them?

A Only to lunch on one or two occasions.

Q Did you at one time go to their office at Chesterfield Hill in London?

A Yes.

Q Who was present on that occasion?

A Mr. Livas and Mr. Amanatides. There were a number of other people there, but were not a party to the conversations that we had.

Q Would it be fair to say that your impression that Mr. Livas and Mr. Amanatides during the time you were dealing with them, that they were substantial and competent businessmen?

A Yes, there were --

MR. GLEKEL: Objection, your Honor.

THE COURT: You might wait if you see counsel rise to object, so that I can get a chance to rule and decide whether you should answer.

The objection is sustained and the answer is struck out. The jury will disregard the answer.

rglt 1 Bustard-cross

Q Did you at the time you were dealing with these men in connection with these loans feel that they were proper people to do business with on the part of the bank?

MR. GLEKEL: Objection, your Honor.

THE COURT: Sustained.

Q What was your impression of these two individuals?

MR. GLEKEL: Objection, your Honor.

THE COURT: You are still using a word that I cannot admit. Counsel is seeking to ascertain the character and credit worthiness of the people that you were dealing with. Would you please comment on that?

THE WITNESS: They gave every impression that they were hard working and honest and reputable people.

Q As a result of your association, they did establish a line of credit for some $12,000,000 with the bank?

A That's correct.

Q I believe you testified about a ship called the Trechon, is that correct?

A Yes.

Q Does your loan file reflect what the value of that ship was?

A It does not.

Q There is no document in your file reflecting the

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value?

A There is no independent certificate of valuation that I recall in the file.

Q Did you not testify on direct examination that theloan agreements or the line of credit agreement which yo entered into with Mr. Livas and Mr. Amanatides provided tha the loan should be either 60 percent of the valu of the ship or 75 percent of the purchase price, whichever was low

A Yes, that's quite correct.

Q Did you have any information at all at the time these loans were made, as to the valu of the ship?

A Yes, we did.

Q What information did you have?

A We had an independent valuation on the vessel concerned.

Q You did have an independent valuation?

A Yes.

Q By whom?

A From an independent -- from a ship broker in London. In this particular case I believe the name of the company was Wigham Richardson.

Q Do you recall or do you have any recollection as to what the value of the ship was?

A I do not.

Q I believe you testified on direct examination that the purchase price of the ship as represented to the bank was $5,000,000?

A 5.5 million dollars.

Q 5.5 million dollars.

Who represented that purchase price to you?

A Mr. Amanatides and Mr. Livas.

Q Was that representation orally or was it made in writing?

A The representations were made orally and may at the time have been supported by a memorandum written in long hand by one or the other of those persons, merely as a note for our guidance and help.

Q Are those memoranda part of the loan file?

A No, they are not.

Q Did you bring them with you?

A No. We haven't -- these were merely pieces of paper which were preliminary to any bank memoranda being written, any official memoranda being written.

Q Do they still exist?

A Not to the best of my knowledge, no.

Q Did the government ask you to produce them?

A No.

MR. GLEKEL: Objection, your Honor.

THE WITNESS: I beg your pardon?

THE COURT: All right, go ahead. I will let the answer stand.

MR. SPRIZZO: The answer is no?

THE COURT: The answer is no. It was an improper question, but the answer is no.

Q That oral representation, do you recall where it was made?

A I think it was made in the offices of the Bank of America.

Q Do you recall who was present when the representation was made?

A No, I do not.

Q Was Mr. Hanlon present? Do you know Mr. Hanlon?

A I have met Mr. Hanlon.

Q And you recognize him sitting here?

A I recognize him this afternoon, yes, when I first saw him.

Q And Mr. Hanlon was not present?

MR. GLEKEL: Objection, your Honor. He testified he doesn't recall who was present.

MR. SPRIZZO: I am entitled to jog his recollection, if I can.

THE COURT: I know, but you are testifying when

you put your question that way and that was what the comman was.

Now, which is Mr. Hanlon, so the jury knows who we are talking about.

Mr. Hanlon, please stand.

Was Mr. Hanlon present at the time the representation was made?

THE WITNESS: No.

Q Mr. Naslas, will you stand?

Was Mr. Naslas present when that representation was made?

A No.

Q Mr. Katritsis, will you stand?

Was Mr. Katritsis present when that representation was made?

A No, sir.

Q As a matter of fact, isn't it true that your acquaintance and dealings with Hanlon, Mr. Naslas and Mr. Katritsis were very minimal?

A They were very minimal.

Q As far as you were concerned, Tidal Marine was Amanatides and Livas, is that correct?

A Yes.

Q What was the extent of the bank's loan on this

right.

vessel, the Trechon?

A The bank's loan was for $4,000,000.

Q If my mathematics are accurate, that is approximately 72 percent of the value of the purchase price of the ship as represented to you, is that correct?

A Yes, I should think that that is just about righ

Q You were required as I understand your testimony to loan the lower of either 75 percent of the purchase price or 60 percent of the value, is that correct?

A Yes.

Q Is it not true that the value of the ship would have had to be at least 6.6 million dollars to justify a loan of $4,000,000 on the basis of your loan agreements as you have testified?

A I would think that's about right. I am doing mental arithmatic.

Q So is it your testimony that the loan on this ship was made on the basis of value rather than purchase price?

A I believe it was made on the basis of the valuation.

Q So that purchase price really had very little to do with it, isn't that correct, under your formula?

A I wouldn't agree with that.

Q Well, you were required to loan on either the basis of value or purchase price, is that correct, whichever was lower?

A That's correct.

Q The lower figure here was based upon value, is that correct?

A That's correct.

MR. SPRIZZO: I have no further questions.

THE COURT: Is that all?

MR. GLEKEL: Just one question.

REDIRECT EXAMINATION

BY MR. GLEKEL:

Q If the purchase price had been a million dollars lower, would that have decreased the amount of money which the bank was willing to loan?

A Yes, it would.

THE COURT: Spell that out in dollar amounts so that the jury knows.

Q By how much would it have decreased the amount the bank was willing to loan?

A You are asking me to do mental arithmetic. If the value -- are we talking about the cost or the value of the vessel?

Q The cost. The purchase price.

THE COURT: Give an example in dollars.

Q If the purchase price of a ship was $5,000,000, pursuant to the line of credit agreement, how much would the bank be willing to loan?

A 60 percent of $5,000,000.

Q Of the purchase price.

A 75 percent of $5,000,000 would be a maximum.

Q That would be a maximum.

And what would that amount be? Let's take a million dollars as a purchase price, what would 75 percent of that amount be?

A $750,000.

Q If the amount of the purchase price was actually half a million dollars, that is half of that sum, how much would the bank be willing to loan on the basis of that purchase price?

A $375,000.

Q In other words, the amount the bank was willing to loan would be decreased by $125,000?

A Yes.

MR. GLEKEL: Nothing else.

MR. SPRIZZO: Your Honor, just one or two questions I forgot to ask, if I may have leave to ask them.

THE COURT: All right.

MR. SPRIZZO: Will you mark these two with the first two defense numbers?

(Defendant's Exhibits A and B were marked for identification.)

MR. FLEMING: They are in evidence.

THE COURT: What exhibit numbers are they in evidence and why do you come around this way? You should be handing them to the clerk if you want to hand them to the witness.

MR. SPRIZZO: They are part of the loan file. I don't know what number it is.

MR. GLEKEL: Your Honor, they are in evidence but offhand, I don't know the number of the file they are from.

THE COURT: What is the loan file number? Call them A and B for the moment and then we will put the right number on hereafter, but please, premark your exhibits so that we do not have this commotion.

RECROSS EXAMINATION

BY MR. SPRIZZO:

Q Mr. Bustard, I show you copies which have been marked A for identification and B for identification and I ask you whether you have ever seen either of those documents.

A I have certainly seen that which is marked

Exhibit A and I don't recall ever having seen Exhibit B.

MR. SPRIZZO: Your Honor, with your leave, can I read these to the jury? They are both in evidence.

THE COURT: Yes.

(Defendant's Exhibits A and B were read to the jury.)

Q Does the bank loan file reflect that the seller of the ship was Commercial Petrolera Latinoamericana, S.A.?

A I can only answer that by saying it probably does somewhere, but I couldn't put my finger on it.

Q You testified on direct examination about these ships having changed names. Is there anything unusual in your experience in dealing with this type of transaction for ships to change names upon a change of ownership?

A In New York City, not at all.

Q In fact, that's the common practice?

A It is the common practice.

THE COURT: Anything else, Mr. Glekel?

MR. GLEKEL: Yes.

RE-REDIRECT EXAMINATION

BY MR. GLEKEL:

Q At the time that $750,000 of the proceeds of the loan on the Trochon were dispersed to Kow Loon Tankships Company, were you made aware that that company was controll...

by James Hanlon?

A No.

MR. GLEKEL: Nothing further, your Honor.

THE COURT: Thank you. You are now excused for all purposes.

(Witness excused.)

THE COURT: Next witness.

MR. MARMARO: The government calls Nicholas Cotzias.

N I C H O L A S J. C O T Z I A S, called as a witness having been duly sworn, testified as follows:

THE CLERK: Your address?

THE WITNESS: 7-9 Akti Miaouli, Piraeus, Greece.

DIRECT EXAMINATION

BY MR. MARMARO:

Q Mr. Cotzias, of what country are you a citizen of

A Greece.

Q How do you earn your living, sir?

A I am a ship broker.

Q What is the nature of your business as a ship broker?

A Well, me being the intermediary in buying or selling ships or chartering ships.

Q What is the name of your company?

A It's got the name of my grandfather, M. Cotzias Shipping Company, Limited.

Q How long have you been involved in the ship brokering business?

A Since 1945. Just after the war.

Q Do you conduct any business in the United States?

A Not really. Not very much.

Q Have you had occasion to come to the United States on business?

A Yes, I did. Especially in the past four or five years.

Q How many times would you say?

A On business, strictly business it was maybe two or three times.

Q Have you ever met a man named Harry Amanatides?

A Yes, I did.

Q When did you meet Mr. Amanatides?

A It must have been very late '69.

Q Where was that?

A In Piraeus. In the Marine Club of Piraeus. That's a place that he usually eats lunch.

Q Have you ever met a man named Ion Livas?

A Yes.

Q When was that?

A The same time with Mr. Amanatides.

Q Who introduced you?

A A gentleman called Tom Janis.

Q Did you have any conversation with Mr. Amanatides or Mr. Livas at that time?

A Yes.

Q What if anything did either of them say to you?

MR. FLEMING: Objection.

A I beg your pardon?

THE COURT: What did they say to you in that conversation?

MR. FLEMING: I have an objection, your Honor.

THE COURT: It is taken subject to connection.

MR. FLEMING: Could the jury be instructed?

THE COURT: Ladies and gentlemen, in a case where there is a charge such as exist s in this indictment it frequently happens that in presenting the case it is almost like taking building blocks to build a house. It can only be done one at a time and in taking the blocks of evidence as they are presented they are taken subject to connection, meaning that if all of the blocks appear and fit in so that the roof can be put on to the house at the end then the connection has been made. If there is any break along the way the connection has not been made, but you don't know whether the connection will or will not be made, so the best you can do under the circumstances is to listen to the testimony subject to connection. If the connection is not made the lawyers will present that to me as a legal point. If they are correct that the connection hasn't been made I will then strike out the evidence that you have heard and you will erase it from your minds. If the connection has been made then it stands for all purposes against such persons as to whom it applies. So hereafter

when I say that evidence is taken subject to connection you will understand that the evidence is being put in a little bit at a time to be connected up if it can be connected up before the end of the government's case.

Please proceed.

Q Have you ever heard of a corporation named Tidal Marine International?

A Yes.

Q What was the nature of Tidal Marine's business?

A Shipping business. Ship owning. Anything connected with ships.

Q Who did you understand the principals to be?

A Mr. Livas, Mr. Amanatides.

Q What position did you understand Mr. Livas to have in the company?

A I beg your pardon, sir?

Q What position did you understand Mr. Livas to have in the company?

A He was the principal.

Q Do you know a man named Aristomes Karageorgis?

MR. FLEMING: I object on relevance.

THE COURT: Overruled.

Do you know such a man?

THE WITNESS: Yes, sir.

Q What line of work is Mr. Karageorgis in?

A He is a ship owner?

A Directing your attention to January of 1971, did you have occasion to meet with Mr. Karageorgis at that time?

A Yes, I did.

Q What if anything happened at that time?

A Something happened then. He told me that he wanted to sell some ships that he had.

Q Where was this, sir?

A In London.

Q What type of ships were these?

A Well, originally there were three tankers and they later on became four tankers.

Q Do you recall the names of these ships?

A Yes.

Q What were they?

A The first one was the Michael A. Karageorgis, his father's name.

THE COURT: Mak?

THE WITNESS: Mak, exactly.

A The second was the Massiniakis Floga.

THE COURT: The third one?

THE WITNESS: The third one is Massiniakia Armonia.

Q And the fourth?

A The fourth was the Ketty.

Q What was your reaction to Mr. Karageorgis' proposal?

A I would say the n tural reaction. I was trying to find a buyer for those ships. I started thinking and looking to see if I could find buyers for them.

Q Did you think at first you would be able to find a buyer?

MR. FLEMING: Objection to form.

THE COURT: Sustained. What did you do? What did you then do after you learned that these were available?

THE WITNESS: I tried to find buyers and then I ended up talking with Mr. Livas and Mr. Amanatides who showed to be primarily interested.

Q Had Mr. Karageorgis told you about the employment of these vessels?

MR. FLEMING: I object to the form of the questic

THE COURT: What if anything did Mr. Karageorgis tell you about how the vessels had been employed?

THE WITNESS: Oh, yes. The ships at that time for the state of the market had valuable tanker charter. That is they had guaranteed employment for some time. I don'

exactly remember the duration of it, but it was long enough to make it a very interesting proposal for the market.

Q What would the significance of having a good time charter mean?

THE COURT: What did that mean to you?

THE WITNESS: To me and to everybody in the business it meant that they could have a guaranteed employment and because of that they could have found easier finance from any bank because of the guaranteed employment.

Q Were you able to find purchases for these vessels

A Yes. In the very end. Mr. Livas and Mr. Amanatid acting for Tidal were able to buy the ships.

Q How many of the ships did they buy?

A Four.

Q Do you recall the purchase price?

A I beg your pardon?

Q Do you recall the purchase price for the four vessels?

A Yes. Ten million point something, eight, nine hundred thousand dollars.

Q What if anything--

MR. FLEMING: I didn't get that straight. Could I have that read back, your Honor?

THE COURT: Have you given us the total price for

the four ships?

THE WITNESS: For all four ships, yes.

THE COURT: Can you now recall or state the individual price for the individual ships?

THE WITNESS: I cannot recall it, your Honor.

THE COURT: What was the total price again so counsel can hear it?

THE WITNESS: It either 10.8 or 10.9.

THE COURT: Million dollars?

THE WITNESS: Million dollars.

Q After this agreement had been reached what if anything did you do in connection with this transaction?

A Well, we had to, you know, work up the small deta of what we call a contract, a memorandum of agreement, that took us some time, especially becasue it was a somehow unusual transaction and I had to work maybe for two solid weeks to work up a proper wording for that contract. Having done that we terminated that by having the contract signed with some small amendments in the very end at the very moment that we were signing it.

THE COURT: You are showing the witness Exhibit what?

MR. MARMARO: I am showing the witness Government's Exhibit 367 in evidence, your Honor.

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THE COURT: All right.

Q Mr. Cotzias, do you recognize that exhibit?

A Yes, sir.

Q What is it?

A The contract that I worked on. I mean a photocopy of it.

Q Would you give me the answer, please?

THE COURT: A photocopy of the contract. Move along quickly, will you please?

MR. MARMARO: May I read a portion of this contract to the jury, your Honor?

THE COURT: Yes.

(Clause 24 of Government's Exhibit 367 in evidencre read.)

Q Mr. Cotzias, were there any other agreements reached in relation to the transactions?

A What do you mean, sir?

Q Were there any other agreements relating to these vessels that you participated in?

A I don't understand the question.

Q Were there any other contracts signed in connection with these vessels?

A There were addendums or amendments to the contract later on or rather one of them was the very

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same day concerning an extra guarantee and others later on.

THE COURT: Is this batch of papers that are being handed to you the papers that you just referred to in your last answer?

THE WITNESS: Yes, sir.

THE COURT: All right, we will recess now until tomorrow morning. The record will indicate the numbers of exhibits that have just been identified by the witness. The clerk will read them into the record.

THE CLERK: Government's Exhibits 368 through and including Government's Exhibit 372.

THE COURT: Ladies and gentlemen, you are now excused until tomorrow morning. We will resume at 10 o'clock. Please try to be here a few minutes earlier and don't forget that the subways run slow. Take one train ahead of the one you expect to get you there on time.

(Adjourned to 10 A.M., June 3, 1976.)

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A	80	
B	80	

UNITED STATES OF AMERICA
v.
JAMES D. HANLON, et al.

June 4, 1976,
10:10 A.M.

--

(In the courtroom in the presence of the jury.)

THE COURT: All right, Mr. Marmaro.

N I C H O L A S J. C O T Z I A S, resumed.

DIRECT EXAMINATION CONTINUED

BY MR. MARMARO:

Q Were the vessels which had been sold to Tidal Marine fixed on charters?

A Yes, they were fixed on long time charters.

Q Who were the charterers and what were the terms of those charters?

A The three of the ships had the time charters to the end of '71. I don't recall the company they were chartered, and they were chartered for 1.90 or 2.20, if I recall correct, and from there on, from January, '72, for three years they went to BP for in excess of two pounds per ton, two English pounds per ton. 2.30, 2.40, I don't remember exactly.

Q And the fourth vessel?

A The fourth vessel was having a straight time charter without the smaller period. It had a three-year time charter to BP directly at a figure in exces of two English pounds again, but I don't recall the exact.

THE COURT: When you say BP, you are referring to British Petroleum Company?

THE WITNESS: British Petroleum.

Q I direct your attention to Government's Exhibit 367 in evidence and ask you to direct your attention to clause 18 of that agreement. Does that clause accurately reflect the price which Tidal Marine had agreed to pay for the Karageorgis vessels?

A Yes, it does.

MR. MARMARO: With the Court's permission I would like to read clause 18 to the jury.

THE COURT: All right. Can't you just give the price without reading the whole clause?

MR. MARMARO: Yes. Messiniaki Floga, five million dollars. Messiniaki Armenia, two million dollars. Ketty, $1;,500,000, and Michael A. Karageorgis, $?,400,000.

Q Mr. Cotzias, I direct your attention to Government's Exhibits 368 to 373 and ask you if you can recognize these documents.

A 368, yes. 370 --

Q 369 through 373.

A All of them?

Q Yes.

A Sorry.

(Pause)

Yes, I do.

Q What are they?

A Addendums to the original agreement which were done subsequently to the signing of the memorandum of agreement.

Q I direct your attention to Government's Exhibit 369 in evidence. What is the subject matter of that addendum?

A That is increasing the price of one of the ships the Messiniaki Floga to six million dollars.

ellt 1 Cotzias-direct

Q What about the total price for the four vessels?

A Increasing the total price to 11,900,000.

Q How did that agreement come to be signed?

A Well, I was asked to approach the sellers.

Q By whom?

A By the buyers, Tidal, and I did ask the sellers to, if possible, increase the price.

Q Who at Tidal asked you to do this?

A Mr. Livas and Mr. Amanatides or one of them. I don't recall correct.

Q Were they going to pay the sellers more money for the vessels?

A No.

Q What did they want you to do?

A To get Mr. Karageorgis, the seller, to agree to sign such an agreement.

Q But he wasn't to receive any more money?

A No.

Q Were you told by either Livas or Amanatides what the reason for this was?

A Well, not very specific terms. Finance reasons.

THE COURT: Finance reasons?

THE WITNESS: Finance reasons.

THE COURT: What does that mean?

THE WITNESS: Well, maybe --

MR. FLEMING: Do you mean what was said?

THE COURT: Yes.

MR. FLEMING: I have no objection to what was said, except my objection of yesterday, that this is not relevant.

THE COURT: Would you just explain your answer so that we understand what finance reasons were, as explained to you?

THE WITNESS: Well, to raise some more money from a bank in financing the ship easier.

Q What if anything happened when you approached Mr. Karageorgis?

A Well, Mr. Karageorgis didn't agree in the beginning.

Q Did anything else happen in this connection?

A Yes. Later on, I don't remember how long afterwards, I was approached again by Livas, and he asked me to see Karageorgis again. So I thought it was wasting time, and I said so. But he said no, I have arranged with Mr. Karageorgis so by now he will sign it. So go, prepare a document and go and get it signed, which I did, and that was all.

Q I direct your attention to Government's Exhibit

372 in evidence and ask you what this document is.

A This is another addendum to the original contract

Q What addendum?

A Number 5; which was negated because there was a delay from the buyer's side to take delivery of the Ketty.

Q Who drafted this addendum?

A Me and Mr. Hanlon. Actually, I have got the technical things there and Mr. Hanlon probably did the legal things.

Q Mr. Cotzias, did you plead guilty to making false statements which influenced the financial statements of Tidal Marine International Corporation?

A Yes, sir.

Q Do you understand that this violation carries a fine as punishment?

A Yes.

Q Is it your understanding that as a result of your plea no further charges will be brought against you; as a result of anything related to Tidal Marine?

A Yes.

MR. MARMARO: Nothing further on direct.

CROSS EXAMINATION

BY MR. FLEMING:

Q Mr. Cotzias, is that the proper pronunciation?

A That's correct.

Q My name is Fleming. I represent Mr. Hanlon, Mr. Naslas and Mr. Katritsis.

You say you pled guilty to filing some false statements. This addendum number 5 was not one of the documents that you pleaded guilty to, was it?

A No.

Q Had nothing to do with your plea?

A Nothing.

Q Your plea of guilty was based upon your signing certain documents at the request of Mr. Livas?

A Right.

Q Which were used to support the financial statements of Tidal Marine Corporation?

A Yes.

Q And those false statements you were informed were a violation of the Federal Securities Law, is that right?

A Yes.

Q And your position was at the time you did this you didn't know it was a violation of Federal law because you

were not a United States citizen?

MR. MARMARO: Objection.

THE COURT: Put the question in another form.

Was that your position, without accusing him of having that position:

"Was it your position?"

Reframe the question, please.

Q Was it your position, Mr. Cotzias, that you didn't know about United States Securities laws and therefore you didn't know you were violating the law?

A Yes.

Q And so you entered a plea of guilty to a violation of the Federal Securities Laws on what was explained to you was on an unknowing basis?

A Yes.

Q Am I correct it was also explained to you that that plea of guilty did not expose you to any imprisonment?

A Yes.

Q And that the only penalty you could receive, based on that plea of guilty, would be a fine, dollar fine of up to $10,000?

A I think so.

Q Am I correct that that plea of guilty was negotiated by your attorney and representatives of the United

States Attorney's office?

A Yes.

Q Was it a condition of their acceptance of that plea of guilty that you make yourself available for testimony whenever they wanted it?

A Yes.

Q Have you been sentenced yet?

A No.

Q Did you plead guilty on November 20, 1975?

A I don't recall the date, Mr. Fleming. It must have been some time in November.

Q Was your sentence fixed for March 1976?

A That I would not know. I don't remember.

(Defendant's Exhibit C was marked for identification.)

Q Mr. Cotzias, I show you Defendant's Exhibit C for identification. I will ask you if you recognize it as a transcript of the entry of your plea of guilty on November 20, 1975.

A I haven't seen it before. Can I read it now?

Q Yes, read it to satisfy yourself.

A I have never seen it before, so I wouldn't know. It should be.

Q I direct your attention to page 9 in this paragraph and ask you if it refreshes your recollection that your

sentence date was originally fixed for March 8, 1976.

MR. MARMARO: Objection. Relevance.

THE COURT: Overruled.

A Yes.

Q And that has been adjourned?

A Yes.

Q Mr. Cotzias, this is a chart that the prosecution has prepared.

You testified about a man named Amanatides and a man named Livas. Is that the way you spell Amanatides?

A Yes.

Q And is this A. Ion Livas the man you're talking about?

A Right.

Q Am I correct it was your understanding that they controlled Tidal Marine Corporation?

A Yes.

Q On a 50-50 basis?

A I wouldn't no percentage, but I know they were in control.

Q Did you ever testify it was your understanding or feeling that they controlled it 50-50?

A Not in so many words, so many figures. But they were controlling the company.

Q They were Tidal Marine?

A As far as I was concerned, they were.

Q There is another name on here, Mark Scufalos.

A Yes.

Q Do you know Mr. Scufalos?

A Yes.

Q There is another name on here, Gregory Spartalis.

A I heard the name.

Q Vice President of National Bank of North America.

A I heard of the name only.

Q Did you not meet Mr. Spartalis in Greece at a cocktail party?

A It is very possible, I meet so many people.

Q And that would be recently?

A No.

Q I mean within the last year?

A No, I don't think so. Definitely not.

MR. FLEMING: Mr. Glekel, do you have photographs of Amanatides and Livas in the courtroom?

MR. GLEKEL: In the courtroom? No.

Q When was the last time you saw Mr. Amanatides?

A Possibly six months ago.

Q Where was that?

A In Piraeus or in Athens -- it must have been -- less than that, four months ago, I saw him in the Athens Hilton, in the bar.

Q In Greece?

A Yes.

Q When was the last time you saw Mr. Livas?

MR. MARMARO: Objection.

THE COURT: Overruled.

A A very long time, and that must have been more than three years, two and a half.

Q Where was he when you last saw him?

A Again, in Athens, in a restaurant.

Q Just a very few questions, if I may, Mr. Cotzias.

There has been testimony about ships and the charters of ships.

Now, you are familiar with the shipping business?

A Yes.

hph 1 Cotzias-cross

Q In fact, you act as a ship broker

A Right.

Q That means that you act as a broker between seller and buyers of ships?

A Correct.

Q Am I correct that the value of a charter increases or can increase the value of a ship?

A Yes.

Q And that would mean, of course, if the charter were attached to the ship?

A Yes, definitely.

Q Am I correct --

THE COURT: What do you mean by attaching the charter to the ship? A charter is an agreement. Unless you are using it in some other phrase, what do you mean by attaching it to a ship?

MR. FLEMING: What I mean, your Honor --

THE COURT: So that you know you and the witness are talking about the same thing, and the jury and I know what you are each talking about.

Q A charter as I understand it -- correct me if I'm wrong, because I'm not a ship broker-- a charter is an agreement between a shipper of materials, either dry cargo or something of that sort, and a ship owner to employ

a certain ship for a certain period of ti
certain materials at a particular price,

A Yes, true.

Q And it is signed by the ship owner and the charterer, that is, the person who is going to use the ship to carry his supplies?

A Yes.

Q That is what I meant by charter being attached to the ship. Is that a fair statement?

A It is.

Q Am I correct, Mr. Cotzias, that the value of a charter can, in fact, double the value of a ship?

A I didn't hear one word. Could you repeat the question?

Q Yes. Am I correct that the value of the charter can in fact double the value of a ship?

A Yes, definitely.

Q In fact, on occasion can it more than double the value of a ship?

A In cases, yes.

Q Is that especially true where ships are older in age?

A Even more so.

Q And that would be because the older the ship,

hph Cotzias-cross

the less its value without a charte

A True.

Q There is 367 in evidence.

agreement selling the four Karageor

Marine, am I correct?

A are correct.

Q Am I correct that you were present when that

was executed?

A Yes, sir, I was.

Q And Mr. Karageorgis was there?

A Yes.

Q Mr. Livas?

A Mr. Livas.

Q Mr. Amanatides?

A Mr. Amanatides.

Q An executive of Karageorgis organization?

A True.

Q And a secretary?

A Yes.

Q And those were all the people that were present,

is that right?

A To the best of my recollection.

Q You testified that addendum number 5, which

I believe was Exhibit 373, addendum number 5 which changed

the terms of the original contract --

MR. MARMARO: Excuse me, it is 372.

Q Addendum number 5, 372, did you testify that that addendum was prepared by you and Mr. Hanlon?

A Yes, Mr. Hanlon, he --

Q Is that your testimony? Did you testify it was prepared by you and Mr. Hanlon?

A Yes.

Q Did you mean that you prepared it and reviewed it for legal questions?

A Exactly.

Q Did you testify before the grand jury here on August 23, 1974?

A Yes.

Q You were asked questions by Mr. John Gordon, Assistant United States Attorney?

A Right.

Q And on that occasion, I think you testified that you were not certain whether Mr. Hanlon had had anythi to do with addendum number 5?

A No, I don't think I said so. I may have some doubts on any ot her, but not on that.

Q Do you recall being asked these questions and giving these answers, page 37:

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"By Mr. Gordon:

"Q Did you draft some of these addendums?

"A All except the number 5 which is Exhibit 17

"Q Do you know who drafted that?

"A I think their lawyer, Mr. Hanlon.

"Q Did you work with Mr. Hanlon on some of the problems connected in this transaction?

"A Yes, in some way. I still cannot remember f certain but I think we have worked on that together a well. I don't remember it well. Maybe I drafted the original draft for him to make the technical aspect o and put it in more binding legal terms."

Do you recall being asked those questions a giving those answers?

A Yes, more or less. The context is the same

Q When you say that you could not remember fo certain, were you telling the truth?

A I beg your pardon?

Q When you said, in the grand jury, that you could not remember for certain whether Mr. Hanlon had worked with you on addendum number 5 --

THE COURT: That's not what he said. Read t question exactly as it came before the grand jury, if will refer to it.

MR. FLEMING: I will, your Honor, but I object to your Honor's comments.

"Q Did you draft some of those addendums?

"A All except the number 5 which is Exhibit 17.

"Q Do you know who drafted that?

"A I think their lawyer, Mr. Hanlon.

"Q Did you work with Mr. Hanlon on some of the problems connected with this transaction?

"A Yes, in some way. I still cannot remember for certain but I think we have worked on that together as well. I don't remember well. Maybe I drafted the original draft of him to take the technical aspect of it and put it in more binding legal terms."

Have I read it correctly, Mr. Marmaro?

MR. MARMARO: There is one additional question.

THE COURT: Please. Mr. Marmaro is not on the witness stand. Please do not do that. If you are challenged by the correctness of your reading, that will be time enough to ask him questions.

MR. FLEMING: The question was an additional question, which I will read.

THE COURT: I am not concerned with that. I want to get back to the other thing. I think that you paraphrased the witness' answer, and I have requested you

to read it exactly.

MR. FLEMING: Do you want me to read it again, your Honor?

THE COURT: Not for me. You ask your question or else abandon the matter and go forward with something else.

BY MR. FLEMING:

Q Were you asked those questions and did you give those answers in the grand jury?

A I didn't understand your question.

THE COURT: Read the question.

(Question read)

A I must have.

Q Now, Mr. Cotzias, am I correct that the Karageorgis transaction was not the first transaction in which you had worked with Livas and Amanatides?

A Yes, it was not the first.

Q You met Amanatides in 1969?

A Yes, the end of '69.

Q That was in Greece, in the Piraeus Marine Club. And Mr. Scufalos also met Mr. Amanatides and Mr. Livas; isn't that correct?

A It is.

Q And there was a discussion as to whether Mr. Scufalos and Mr. Amanatides and Mr. Livas could do business together?

A Yes.

Q Then there was a sale, was there not, of a vessel called the Nimar, N-i-m-a-r?

A Yes, there was.

Q That vessel was owned by Mr. Scufalos?

A And many other people.

Q Was it owned by his company, Union Commercial Steamship Company or its subsidiaries?

A No, it was operated by Union Commercial.

Q And owned by one of its subsidiaries?

A I wouldn't call it a subsidiary. It's another company.

Q And it was sold to Tidal Marine?

A Yes, I think so.

Q To Amanatides and Livas?

A Right.

Q And they paid cash and they paid Tidal Marine

stock for the vessel?

A I understand so, since I wasn't involved directly.

Q You were not involved directly. Were you thereafter involved directly in the sale to Tidal Marine, that is, Amanatides and Livas, of the Kara Sea?

A Indeed.

Q That is K-a-r-a S-e-a?

A Right.

Q Tidal Marine purchased that vessel for $2,800,000; is that right?

A The exact figure I wouldn't say, but it is almost right. In rough figures it is.

Q In connection with that, you dealt with Livas and Amanatides?

A I did.

Q You received a commission of $84,000 on that sale, did you not?

A I don't recollect the exact amount. It must have been.

Q About $84,000, is that correct?

A I'm not sure about the amount. But I received a commission which could be around those figures.

Q Well, do you recall being interviewed in the United States Attorney's office on August 19, 1974, by

Mr. Gordon and some FBI agents being present?

A Yes, but I didn't have any documents with me. Maybe I gave a wrong figure. I don't have any documents with me, again.

Q Did you at that time state that you received a commission of $84,000 on this sale?

A I don't recollect having said that, but I know that I got a commission.

Q Am I correct that whatever commission you did receive in fact on that sale you paid 1 percent of your commission to Amanatides and Livas?

A Not 1 percent of my commission. 1 percent of the total price -- percentage of the price. So I paid 1 percent, since we collected 2 on our percentage from the sellers, we paid 1 to Livas and Amanatides.

Q In any event, you arranged for the sale of the ship to Livas and Amanatides and then gave them some portion of your commission?

A Exactly.

Q Did there come a time when Mr. Livas asked Mr. Scufalos if Tidal Marine Corporation could purchase Mr. Scufalos' company, Union Commercial?

A Yes.

Q Did Mr. Scufalos refuse that offer?

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A Originally, yes.

Q Did there come a time when he agr- company to Tidal Marine?

A Yes.

Q When did Mr. Scufalos agree to sell his company to Tidal Marine?

A I don't recall dates at all.

Q Did there come a time, do you recall, when Mr. Scufalos sold 12 ships to Amanatides and Livas?

A Indeed.

Q And he sold those 12 ships for a price of approximately $15,000,000; is that correct?

A I was not involved so I don't remember the figures exactly, but it must be something in the region.

Q Do you recall that the purchase price was paid approximately one-half in cash, seven and a half million dollars, and one-half in Tidal Marine stock?

A True.

Q And as a result of that did Mr. Scufalos come into control of approximately 500,000 shares of Tidal Marine stock?

A I wouldn't know that.

Q All right. Well, it was seven and a half million dollars of Tidal stock at $15 a share; isn't that right?

A I don't know.

Q Okay. Mr. Scufalos did get some Tidal Marine stock on the Nimar transaction, did he not?

A No, I don't know that.

Q Just in connection with the sale of these 12 vessels, am I correct that two of the vessels to be sold originally were called the May and the June?

A True.

Q Am I correct that the May and the June were under charter to the government of Cuba?

A To a Cuban company.

Q To a Cuban company. Am I correct that because of that, Tidal Marine could not own the May and the June?

A I surmise so.

Q And that was because of, to your understanding, the laws in the United States against a United States citizen or corporation trading with an enemy?

A True.

Q So that in fact the May and the June were not sold to Tidal Marine, were they?

A I understand they were sold to Tidal Marine in an indirect way.

Q Do you recall two vessels called the Triton and the Timi?

A No.

Q Do you have any recollection of Ion Livas substituting two vessels, the Triton and the Timi, and getti the May and the June in return?

A No, sir.

Q Am I correct you know Costas Naslas?

A Yes.

Q Is this him sitting over here?

A Yes.

Q Am I correct that your dealings with Mr. Naslas were on the operations side of the business?

A Exactly.

Q Not the finance side?

A No.

Q Finance was Amanatides and Livas?

A Only.

Q In your opinion, was Mr. Livas -- sorry -- excuse me, Costas -- was Mr. Naslas a competent business-man in the operation of vessels?

A I didn't understand the question.

Q In your opinion, was Mr. Naslas a competent businessman in the operation of vessels?

A Yes.

Q Hard worker?

A Yes, definitely.

Q Very hard worker?

A Definitely.

Q Did there come a time in 1972 when Mr. Amanatides asked you to pay out some money to various people for him?

A I don't recall the time, but the fact, yes.

Q He came to you and did he tell you he wanted to pay some commissions to some people?

A Indeed.

Q But he didn't want to have his name on it?

A Right.

Q So he said, if I give you the money will you pay the money out under your name?

A Right.

Q Is that right?

A That's right.

Q That was some 185 or 190 thousand dollars?

A More or less. I'm not sure about the amount right now.

Q And you did that as an accommodation to Mr. Amanatides?

A Exactly.

Q And then subsequently, in July or August of 1972 in London you executed some documents at Mr. Livas' request

which you knew to be false?

A Yes, sir.

Q And as to the execution of those documents in the summer of 1972 in London to which you have entered your plea of guilty.

A Exactly so.

Q To an unlawful violation.

One other question. The Karageorgis transaction also involved cash and stock, did it not?

A Yes.

MR. FLEMING: May I have one moment, your Honor?

(Pause)

MR. FLEMING: Thank you very much, Mr. Cotzias.

THE COURT: Any redirect?

MR. MARMARO: Brief, your Honor.

REDIRECT EXAMINATION

BY MR. MARMARO:

Q Mr. Cotzias, you are a ship broker; is that correct?

A Yes, sir.

Q And you earn your living by making commissions on ship transactions; is that correct?

A Exactly.

Q Mr. Cotzias, you testified on cross-examination

about the sale of certain vessels to Tidal Marine by Mr. Scufalos; is that correct?

A What?

Q You testified on cross-examination about the sale of certain vessels by Mr. Scufalos to Tidal Marine?

A Yes, sir.

Q Did Mr. Scufalos own those vessels?

A No.

Q Who owned those vessels?

A Several people and several corporations. And they were managed by a company that Mr. Scufalos operated, he is the major shareholder.

Q So that when you say the purchase price was received for the vessel, the purchase price was not received by Mr. Scufalos, but by all the principals?

A Definitely not by Mr. Scufalos. By all the shareholders.

Q Do you recall testifying before the grand jury, Mr. Cotzias?

A The very fact that I did?

Q No, do you recall testifying before the grand jury?

A Yes, I was before the grand jury.

Q Mr. Fleming read to you a portion of your grand

jury testimony; is that correct?

A I couldn't remember.

Q Do you recall being asked these questions before the grand jury and giving these answers:

"Q When you say that you and he worked on that, you mean addendum number 5; is that right?

"A Yes.

"Q Did you and he have conversations about other problems besides addendum 4?

"A There were several problems and I, personally, whenever he was down in Piraeus or on the phone after the request of Mr. Livas and Amanatides, I was calling him and reading him an addendum for him to approve.

"Q Who?

"A Mr. Hanlon.

"Q You talked to him from time to time about the problems?

"A Oh, yes."

Do you recall being asked those questions and giving those answers?

A Yes.

MR. MARMARO: I have no further questions, your Honor.

RECROSS EXAMINATION

BY MR. FLEMING:

Q Do you have, is it 372 addendum number 5?

A 372.

Q When was that executed?

A Some time in July or August, '71, but I don't remember the date. It must be somewhere.

Q On the last page, page 5, it says made this 24th day of July, 1971; is that correct?

A It should be.

Q This was prepared in Greece?

A I beg your pardon?

Q This was prepared in Greece?

A I don't recall whether that very thing physically was prepared in Greece in the last minute, but it was signed in Greece, that is definite because Karageorgis was in Greece at the time of signature.

Q Was it prepared in the United States?

A I wouldn't know.

Q You wouldn't know?

A There was a draft and then another draft and another draft, and that is the net result, the end result.

MR. FLEMING: Thank you very much, Mr. Cotzias.

THE COURT: Thank you very much. You are excused.

(Witness excused)

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THE COURT: Next witness.

MR. GLEKEL: The government calls Gerald Bac

GERALD E. BACHMAN, called as a witness on behalf of the government, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. GLEKEL:

Q Mr. Bachman, how are you employed?

A I am a senior vice president of the National Bank of North America.

Q For how long have you been with the National Bank of North America?

A I have been with the bank since December, 1962.

Q What is your educational background?

A I have a bachelors degree in finance from the University of Notre Dame and a masters degree in business from the Wharton School of Finance.

Q Directing your attention to the period 1970 through 1972, what were your responsibilities at the bank at that time?

A I was in charge of the Corporate Banking Division and in that connection, the Corporate Banking Division consisted of the Leasing Department, the Corporate Finance Department, the Ship Loan Department, also the Wall Street banking office and the Security Clearance Division.

In addition, I served as chairman of the Corporat

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Banking Loan Committee, which approved loans of the National Division as well.

Q By the way, during the period 1970 to 1972, was the National Bank of North America insured by the Federal Deposit Insurance Corporation?

A Yes, it was.

Q During that same period, who were the lending officers in the Ship Loan Department, in order of their authority?

A Mr. Gregory Spartalis was vice president in charge of the Ship Loan Department. He was assisted by Joseph Metzger, a vice president, and John Shevlin, an assistant vice president.

In addition, there was another officer by the name of Joel Heine, but he had no lending authority, as I recall.

Q What were the procedures for making loans in the Ship Loan Department during that period?

A The procedures in effect at that time were that the original navigating officer in the Ship Loan Department would put together the transaction and negotiate it with the customer insofar as terms and conditions were concerned. He would then bring together all of this information in what is known as a loan fact sheet, and the loan fact sheet would contain the substantive parts of the transaction.

The borrower, the amount of the loan, the repayment schedule, the interest rate, the collateral, and other background information that was relevant.

He would also prepare a loan offering sheet which would give the amount of the loan and the term and this information would be presented to our Ship Loan Committee, to each member of the Ship Loan Committee.

We would meet and discuss the transaction and based upon the information contained on the loan offering sheet and loan fact sheet, plus the additional information brought out in the discussion, we would approve or decline the loan.

Q If the Loan Committee approved a loan, how would that approval be indicated?

A Approval was indicated by having the chairman of the Ship Loan Committee or myself, sign the loan offering sheet in the lower right hand corner, signifying that the loan had been approved in accordance with the terms and conditions presented, or in addition to the terms and conditions that were laid down by the Loan Committee.

Q Now, during 1970, '71 and '72, did you attend all the meetings of the Ship Loan Committee?

A No, I did not. Under our procedure, my presence was required when loans in excess of $2,000,000 or more were

being presented or were loans to any one borrower that aggregated 2,000,000 or more outstanding were under consideration.

Q When the Loan Committee considered a loan, did the gentlemen formally meet?

A It met formally, yes. And it met in Mr. Spartalis' office, generally speaking.

Q After the Loan Committee approved a loan, what steps would be taken before the money would actually be lent by the bank?

A After the loan had been approved, then the lending officer who had responsibility for that particular account would present the information to the bank's attorney and the bank's attorney was responsible for putting together the documentation that was required to properly close the loan and disburse the funds.

Q Mr. Bachman, what are the general factors which the Ship Loan Committee relied upon during 1970 to 1972 in deciding whether to make a ship purchase or ship financing loan?

A We would rely first and foremost on the owner-operator of the vessel and we would require that our ship loan officers had satisfied themselves that the operator had a good record, good background, good history.

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The second most important fact collateral itself in terms of the value.

Now, the collateral would con--- collateral would consist of the vessel and the charter that accompanied the vessel.

The other element that would go into the decision was to relate the revenues earned by that vessel to the repayment schedule to assure the members of the committee that there were a proper, sufficient earnings from the vessel to pay the loan in accordance with the terms.

Q Did the National Bank of North America have any policy concerning the relation of the income from the charter to the amount of money loaned?

A We had a firm policy that we would require charters on any vessels that we would finance, and that the revenues from those -- and that the charter would cover the period of repayment with sufficient margin after operating expenses of the vessel to meet the interest and principal payments due on the loan. We would not make loans on vessels where there was not a charter to accompany the vessel.

Q Are you saying that the income generated from the charter had to be sufficient to repay the loan?

A Yes --

MR. FLEMING: I object to the form of the

of the question, your Honor.

THE COURT: Overruled.

Q Do you recall a number of ship purchase loans made during 1970 and 1971 to Tidal Marine and to Harry Amanatides and A. Ion Livas for the purchase of ships?

A Yes.

Q Directing your attention to late 1970, do you recall the Loan Committee approving a loan of 2.2 million dollars on four ships by the names of the Harilion, Kyrilion, Marilion and Ilion?

A Yes.

Q Do you recall the security for these loans as approved by the bank?

A As I recall, the security consisted of a first preferred mortgage on the vessels themselves, and an assignment of time charters on three of the vessels.

Q For how long were these charters to run?

A I believe the loan was a three-year loan and the charters were also for three years.

Q Were you ever made aware during late 1970 or early 1971, that the charters, on the basis of which the loan closed, did not exist?

A No, I was not made aware of that.

Q Would this have affected your judgment in approving the loan?

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A Yes, because if we hadn't had the charter, then the loan would have never been approved and the funds would not have been disbursed.

Q Do you recall what the purchase price of these fou ships was as represented to the bank?

A I believe it was in the neighborhood of 2 million 7.

Q 700,000?

A $2,700,000, and I think there was some improvements to be made to one or two or three of the vessels.

Q Were you made aware by anyone at that time that the actual purchase price was $2,100,000?

A No.

Q Would this have affected your judgment as to the amount of money you were willing to loan?

A It would have affected our judgment because we certainly would not -- I should say that certainly we would like to see the owners have a reasonable equity in the vessels that we were financing.

Q Directing your attention to August of 1971, did the Loan Committee at about that time, make a decision concerning future lending policy as regards Tidal Marine?

A Yes.

Q What was decided?

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A In that connection we had -- we were becoming concerned about the total exposure in loans outstanding we had to Tidal Marine, and I believe at the time it was just about $10,000,000.

We were not concerned with the quality of the loans or the repayment capacity of Tidal Marine. This was a decision based upon a principle of lending that we should not have a concentration of that magnitude with any one borrower; that we should spread our risks over a larger number of borrowers; and that $10,000,000 was about the maximum that we would want to have outstanding with a particular account, in this instance Tidal Marine.

Q Were the three officers of the Ship Loan Department present when the decision was made?

A Yes, they were.

Q Now, at about this time, that is, August of 1971, did an individual by the name of Mark Scufalos begin to make a series of ship purchase loans at the bank?

A Yes.

Q Who was in charge of the Scufalos account, do you recall?

A Yes, Mr. Metzger handled the Scuafalos account.

Q Now, directing your attention to the first loan of this series, the loan on s : vessels for $3,300,000, do you recall what the purpose of that loan was as presented to the Loan Committee?

A As it was presented --

MR.FLEMING: May I interrupt a moment?

Your Honor, of course we have an objection to this subject to connection.

THE COURT: This is all taken subject to connection.

MR. FLEMING: Thank you, your Honor.

A As I recall, the purpose of the loan on the six dry cargo vessels was for Mr. Scufalos to purchase his partner's interest in those vessels.

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Q Were you made aware at the time these six ships on which Mr. Scufalos was requesting a loan had previously been sold by him to Tidal Marine in March of 1971 and were owned by Tidal Marine?

A No, I wasn't.

Q Would that have affected your judgment in making this loan?

A It would have affected my judgment, since we were in effect increasing our exposure to Tidal Marine and we had previously decided that was the $10,000,000, was the maximum outstanding that we would want to have.

Q What was the security on this loan, the six-ship loan?

A As presented to the Loan Committee, it consisted of a first preferred mortgage on the six vessels and assignment of time charters covering a three-year period, which coincided with the term of the loan requested.

Q Do you recall the name of the charterer?

A The charterer was something called Transoceanic.

Q Would your judgment in approving this loan have been affected if you were made aware that there were no charters on these ships?

MR. FLEMING: Your Honor, I am now objecting to the form of the question.

THE COURT: Overruled.

A Would you please read the question?

(Question read.)

A Yes, it would have affected our judgment because we required time charters to provide the revenue to repay the loans. Without the time charters it was very uncertain that the owner-borrower would have the capacity to meet the payments on our loan.

Q Turning to the next Scufalos loan, do you recall the Loan Committee approving a $1,700,000 loan on two vessels, May and June, in October of 1971?

MR. FLEMING: I object to this, your Honor.

THE COURT: Overruled.

A Yes, I recall the transaction.

Q What was the purpose of this loan as presented to the Loan Committee?

A As I recall, the purpose of the loan was for Mr. Scufalos to purchase the vessels.

Q Were you made aware, at about the time the loan was approved, that Mr. Scufalos had previously sold these two vessels to Tidal Marine in March, 1971?

A No, I was not made aware of that.

Q Were you made aware at that time that Livas was a principal of Transoceanic?

A No, we were not made aware of that at the time.

Q Did the bank have any policy as to making loans secured by a charter to a company controlled by the buyer?

A Well, it raises a question about how bona fide and valid a charter is, and it would make members of the Loan Committee look beyond that company to see if it was in turn chartering to bona fide users.

Q Now, turning to December of 1971, do you recall the Loan Committee approving a five and a half million dollar loan on two ships by the name of the Tropis and Tekton?

A Yes, I recall that.

Q What was the purpose of this loan as presented to the Loan Committee?

A The purpose was for Mr. Scufalos to purchase these vessels.

Q Were you made aware at this time that Tidal Marine was the owner of the Tropis and the Tekton?

A No, we were not made aware of the fact that Tidal Marine was the owner of these vessels.

Q Would your judgment in approving the loan have been affected if you had been made aware that the Tropis and Tekton were not being sold but were actually being refinanced by Tidal Marine as their owner?

A Yes, it would have affected our judgment in view

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of our position taken on total loans outstanding at any one time to Tidal Marine and its affiliates.

Q What was the security for this five and a half million dollar loan on the Tropis and Tekton as represented to the Loan Committee?

A It was presented as a five-year loan with charters from British Petroleum that extended for five years to cover the repayment period.

Q Would your judgment have been affected if you were made aware that these charters were only for three years?

A Yes, it would have affected our judgment because the question would have been raised about the revenues to be derived from these vessels over the last two years and would raise a question about the certainty of repayment of our loan during that two-year period when there was no charter.

Q Do you recall attending a Tidal Marine Christmas party in late 1971?

A Yes, I do.

Q Do you remember where that was?

A I believe it was at the Regency Hotel.

Q What kind of party was it?

A It was a very elegant party consisting of a reception period and a dinner after the reception.

Q Do you recall whether Mr. Naslas was there?

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A I can't say with certainty that he was there. I believe he was there.

MR. FLEMING: I move to strike that.

THE COURT: Strike it out.

Q Do you recall whether a photographer was present at the party taking pictures?

A Yes,he was.

Q Were you to receive any pictures from this party

A Yes, I did.

Q Directing your attention to April 1972, do you recall the Loan Committee approving a $4,200,000 loan on a ship by the name of the Tagma?

A Yes, I remember that.

Q What was the purpose of this loan, as represente to the Loan Committee?

A The purpose was for Mr. Scufalos to purchase the Tagma.

Q Were you made aware that Tidal Marine was actual the company buying the ship?

A We were not made aware of that.

Q Would this have affected your judgment?

A Yes, it would have.

Q Now, do you recall the time of the charter of th Tagma as represented to the Loan Committee?

A When that loan was presented to our loan committee it was represented that the Tagma had a one-year charter from Agip and a subsequent charter of three years of Monte Catini Edison.

Q Did the Loan Committee approve this loan on the basis of the Monte Catini Edison charter?

A Yes, it did.

Q Do you recall whether the Loan Committee ever agreed to the change in the charterer after approval of the loan?

A The Loan Committee didn't agree to any change in charterer.

Q Mr. Bachman, proceeding to another series of loans and directing your attention to early December, 1971, do you recall the Loan Committee approving a loan of -- approximately $4,250,000 on a ship by the name of the Aris?

A Yes.

Q Do you recall what the purpose of this loan was as represented to the Loan Committee?

A I believe the purpose of that loan was for Mr. Michael Panayotopulos to purchase from Tidal Marine that vessel.

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Q What was the security for this loan?

A The security consisted of a first mortgage on the ship and an assignment of a time charter from a German company, Wintershall.

Q For how long was this charter represented?

A I believe that was a five-year charter.

Q Were you made aware, prior to the loan closing, that the five-year charter was non-existing?

A I was not made aware of that.

Q Were you made aware that only a three-year charter existed?

A I was not made aware of that.

Q Would this have affected your judgment in approving that loan ?

A Yes, it would have.

Q Why is that?

A Because it would have raised the question whether the borrower had the ability to pay our loan during the remaining two years, since it was uncertain that the vessel could be employed during those two years, not covered by the charter, at a sufficient rate to derive the revenues to pay us.

Q Directing your attention to late January,1972, do you recall the loan committee approving a four and a half

million dollar loan on a ship by the name of Tachys?

A Yes.

Q What was the purpose of this loan as represented to the loan committee?

A The purpose was for Michael Panayotopulos to purchase the vessel from Tidal Marine.

Q What was the security as represented to the loan committee?

A A first mortgage on ship and assignment of a five-year time charter of British Petroleum.

Q Were you made aware prior to the loan closing that this five-year charter was non-existing?

A No, I was not.

Q Would this have affected your judgment?

A It would indeed have affected my judgment.

Q Do you recall what the purchase price of this ship was as represented to the loan committee?

A The figure that we were given at the time was six million dollars.

Q Were you made aware, prior to the closing of this loan, that the purchae price was actually five and a half million dollars?

A No.

Q Would that have affected the amount you were

willing to loan?

A It would have affected the amount we were willing to loan.

Q Now, again directing your attention to late January, 1972, do you recall the loan committee approving a loan for one and a half million dollars on a ship by the name of Aquario?

A Yes, I remember that loan.

Q What was the purpose of that, as represented to the loan committee?

A As I recall the purpose of that loan, it was for Mr. Amanatides and Mr. Livas to purchase that vessel.

Q Was it a purchase or refinancing, do you recall?

A That was a loan, I believe the borrower was Southeast Tankers. I would have to review my notes on that to bring myself current.

Q Let me show you Government Exhibit H for identification and ask you whether this refreshes your recollecti

A I recall this now. The purpose of the loan was to refinance the vessel in order to give the owners additional work capital.

Q And what was the security for this loan as represented to the loan committee?

A We were informed the vessel had a three-year time

charter with Shell Oil Company.

Q That was on the --

A That it had three years to run.

Q Were you made aware, prior to the closing, that only two years and three months remained to run on the charter?

A No, we were not made aware.

Q Would this have affected your judgment in approvin the loan?

A Yes, it would have affected our judgment.

Q Were you made aware at the time you approved this loan that the Aquario had been purchased in July for $795,000?

A No.

Q Would this have affected your judgment in approving a loan for $1,500,000, six months later?

A It would have affected our judgment, depending upon what evidence was submitted to us that the increase in value could be substantiated.

Q What was the state of the shipping market in late 1971, and early 1972?

A As I recall, the market was in a state of decline. Charter rates were going down, vessel values were going down, there were, I guess, a supply of vessels in the market

that were laid up because they couldn't gain profitable employment.

Q Did this have any effect on the purchase price of ships?

A It was a depressing effect on the purchase price of values of ships.

Q Directing your attention to late 1971 and early 1972, did a time come when you were informed that Tidal Marine was experiencing a cash flow difficulty?

A Yes.

Q Did a time also come when you were made aware that there were a number of overdrafts in the Tidal Marine, Scufalos accounts?

A I became aware in general of an overdraft problem, numerous overdrafts in our ship loan department, and include in these were the Tidal Marine accounts and Scufalos, not identified as such.

Q Were the Tidal Marine loans repaid on time?

A It was reported to me consistently that payments were made in a timely manner. Only subsequent investigation brought out that payments on many of these loans were only achieved by making other loans to provide the funds to meet these payments.

Q Directing your attention to the summer of 1972,

did a time come when you were made aware that Tidal Marine was unable to meet loan installments?

A Yes.

Q Directing your attention to late July or early August, 1972, do you recall any conversations with James Hanlon at about this period?

A Yes, I recall one conversation with Mr. Hanlon.

Q And what was that?

A I was suspending some time in London with other bankers and with the principal officers of Tidal Marine, trying to put together a temporary financing that would allow the company to continue in business and operate the vessels. In that connection, the bank was reviewing the loans outstanding and the documentation supporting those loans. We had asked for additional documents to be submitted to us for our review, the corporate records of Tidal Marine and Mr. Amanatides was agreeable to giving us those records. They were held by Mr. Hanlon. When our attorneys attempted to get them from Mr. Hanlon, he was refusing to make delivery. This was reported to me by our attorneys in New York, and they called me in London.

I contacted Mr. Hanlon and we had a rather heated discussion about our rights to these documents. His position was that since his legal bills in Tidal Marine were not paid

that he wanted to make sure payment was made before those documents were delivered to us.

b2 After additional discussion, I don't believe over the phone he agreed to deliver those documents, but subsequently he relented and they were delivered to our attorneys.

Q What were the types of documents referred to in the conversation with Mr. Hanlon?

A I'm not sure what specific documents, but in general they were the corporate, general corporate books and records of the corporation.

MR. GLEKEL: Your Honor, I have no further questions.

THE COURT: We will take our mid-morning recess at this time. The jury may go out.

(Jury left)

(Recess)

(In the courtroom in the presence of the jury.)

CROSS EXAMINATION

BY MR. FLEMING:

Q Mr. Bachman, you gave testimony about information which you received concerning these various loans; is that correct?

A Yes.

Q Am I correct that you received all of that, the information which you received you received from Spartalis, Metzger and Shevlin?

A That's correct.

Q They made up the shipping loan department of the bank, together with Mr. Heine, is that correct?

A Yes.

Q What is the distinction between the shipping loan department of the bank, which was Spartalis, Metzger, Shevlin and Heine, and the committee you were referring to?

A The ship loan committee consisted of Mr. Spartalis, Mr. Metzger, Mr. Shevlin, plus other lending officers of the bank whose primary duties were outside the ship loan department. And that was similar to the arrangement that we had for other loan committees.

For example, where we had the real estate loan committee, we had members of the real estate loan department

on that committee, plus other lending officers from other areas.

Q During the period of time about which you testifie were you senior at the bank to Mr. Spartalis, Mr. Metzger, Mr. Shevlin and Mr. Heine?

A Yes.

Q Dealing only with the shipping loan committee and excluding the members of the shipping loan department, Spartalis, Metzger, Shevlin and Heine, were the other loan people senior to those members of the ship loan committee--ship loan department?

A I don't think I can generalize.

Q Some were and some were not; is that a fair statement?

A Ys.

Q You certainly were?

A Yes.

Q The purpose of having the ship loan committee was to review recommendations of the ship loan department?

A That's correct.

Q And to put that in personal terms, the purpose of having the ship loan committee was to have people like yourself and other lending officers of the bank review and approve or disapprove recommendations made by Spartalis,

Metzger, Shevlin, Heine?

A Yes.

Q So that the person or company which wanted to borrow money to purchase a ship during that relevant period of time, would first approach the members of the ship loan department; is that correct?

A Yes.

Q And would -- if the word is correct -- negotiate a possible loan with the members of the ship loan department.

A Yes.

Q And provide members of the ship loan department with information relevant to the granting or not granting of that loan?

A Yes.

Q And that information would include, in the case of the purchase of a ship, what ship it was; is that right?

A Yes.

Q And whether there was a charter accompanying the ship, in your words?

A Yes.

Q And the term of the charter?

A Yes.

Q Would it also include information as to income less operating expenses?

A That's correct.

Q And that statement of income less operating expenses would give you a dollar amount upon which you can make a judgment as to whether the loan could be repaid out of the working of the ship with the charter?

A Yes.

Q And all of that information in the first instance went to members of the ship loan department, Spartalis, Metzger, Shevlin or Heine?

A Yes.

Q And any one of those men -- Shelvin handled Tidal principally; is that correct?

A That's correct.

Q And Metzger handled what you perceived to be or were told was Scufalos?

A Correct.

Q So that in a Tidal loan Shevlin would negotiate the loan and prepare a fact sheet?

A Right.

Q And that would include Shevlin's representations of what the prospective borrower had said about the ship and the charter and other material factors?

A Yes.

Q And then Shevlin would make a recommendation

as to whether a loan in a particular amount should be granted based upon the information which he had placed in the loan fact sheet; is that right?

A Yes.

Q And then that loan fact sheet would be presented to the bigger ship loan committee which included you?

A There were one interim step, namely that the members of the ship loan department would discuss the transaction amongst themselves, and there they would only present to the loan committee those proposals that they were unanimously in favor of.

Q Good. So to take a Tidal situation, Shevlin would negotiate the proposed loan, prepare the fact sheet, discuss it with Metzger; Metzger and Spartalis if they agree a loan should be granted, they would present it with unanimo support to the loan committee?

A Yes.

Q Where if the amount was over $2,000,000, included you?

A Yes.

Q And certainly included some other senior officials of the bank; is that right?

A Yes.

Q Am I correct that all of the testimony you gave

this morning with regard to these loan transactions in response to Mr. Glekel's questions and the loan committee approval of the recommendation of Spartalis, Metzger and Shevlin, the testimony you gave was based upon information which was presented in a fact sheet prepared by Shevlin or Metzger and approved by all three?

A Yes.

Q That's where you got your information?

A In some instances some additional information would come out in a discussion that was part of the overall input. But it was basically the information contained on the loan fact sheet.

Q But any additional information that came out as a result of discussion came from Spartalis, Metzger or Shevlin?

A Correct.

Q So whether it was in the loan fact sheet or oral during discussion, whatever information you had came from Spartalis, Metzger and Shevlin?

A That's correct.

Q You testified that you spoke to Mr. Hanlon or one of your attorneys spoke to Mr. Hanlon in July to get some records of Tidal?

A That's right.

Q Am I correct that that was the first time you had ever spoken to Mr. Hanlon?

A That was the first time I had spoken to Mr. Hanlon.

Q That was in July of 1972?

A July or August.

Q But in any event, it was after one of the loan transactions to which you testified?

A Yes.

Q Did you testify that if the Ship Loan Committee approved the recommendation of Shevlin, Metzger and Spartalis, the lending officer, say Shevlin, would then call an attorney to represent the bank?

A Yes.

Q When he made that call, that meant that the bank as the bank had made a decision to go forward with the loan?

A Yes.

Q And it was the responsibility of the attorney for the bank to get the documents together, is that correct?

A Yes.

Q For the closing of the loan?

A Yes.

Q To make sure that the bank had everything it needed to be protected on the loan?

A Yes.

Q And the attorney for the bank was paid for that, was he not?

A Yes.

Q And am I correct that on every loan trasnaction about which you have testified, the bank hired an attorney to

represent its interests, is that right?

A Yes.

Q Have you been to closings of loans?

A No, I have not -- I have been to closings of loans.

Q But not of these loans?

A Not of these loans.

Q Am I correct that at a closing all of the documentation is sort of put on the table?

A Yes.

Q And signatures are executed?

A Yes.

Q And the matter is wrapped up?

A Yes.

Q And then the monies can be disbursed?

A Correct.

Q The bank is represented at such a closing by its lawyers?

A Yes. And by one of the officers of the bank.

Q You talked about the collateral being important in the granting of a loan, is that right?

A Yes.

Q And the collateral I believe you said included the ship itself, the first preferred mortgage on the ship

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itself plus an assignment of the charter accompanying the ship?

A Yes.

Q Did the bank itself have appraisers which it used to judge the value of a ship?

A Yes.

Q That was Burbank & Company?

A That was one.

Q And Jacques Perrot & Company?

A Yes.

Q They were independent appraisers?

A Yes.

Q During the period about which you are testifying, having to do with these loans, did you know that Shevlin, Metzger and Spartalis were being paid bribe monies?

A No.

Q Am I correct that Spartalis left the bank or took a leave of absence as an illness or -- I better rephrase the question.

Am I correct, that some time around June of 1972 Mr. Spartalis went home and saie he was ill?

A Yes, correct.

Q And then thereafter ended up in Greece?

A Yes.

Q [illegible]che investigation which you conducted disclos[illegible] that Mr. Spartalis had received --

MR. GLEKEL: Objection, your Honor.

Your Honor, objection withdrawn.

Q That Mr. Spartalis had received many hundreds of thousands of dollars from Mr. Livas?

A I was not a part of this investigation. I played no role whatsoever in that.

Q Did -- you testified about a loan in connection with a vessel called the Tachys.

A Yes.

Q Am I correct that that was -- that you were told by your Ship Loan Department that that was a loan to a Mr. Panayotopulos for the purchase of a ship from Tidal Marine?

A Yes.

Q Did you testify that your committee meeting approving that loan took place in January of 1972?

A That is approximately correct.

Q Do you recall that the loan closed on or about February 4, 1972.

A I am not sure of the closing date of the loan.

Q Did there come a time in or about July of 1972 when you discovered that the charter which your Ship Loan Department had told you would accompany the Tachys in fact

did not exist?

A That's correct.

Q And you also did find out in July of 1972 that Spartalis, Metzger and Shevlin had known of the non-existence of that charter since late February or early March, 1972?

A That's correct.

Q And had not told you about it?

A Yes.

Q Or anyone else in the bank?

A Yes.

Q You testified about a loan which closed on or about August 17, 1971 on six ships, do you recall that?

A Yes.

Q You were told by your Ship Loan Department that Spartalis, Shevlin and Metzger, that that loan was to Mark Scufalos?

A Correct.

Q And you believed it was going to be to Mark Scufalos?

A Or a corporation owned by Mark Scufalos.

Q Did you know that there was a separate purchasing corporation for each ship?

A No, I didn't know that.

Q Did you know that each of the six purchasing

corporations were Tidal Marine subsidiaries?

A No.

Q Did you know that the minutes, bylaws of each of the purchasing corporations were Tidal Marine people?

A No.

Q Did you know that Mr. Amanatides had given a guarantee?

A He had guaranteed one or two accounts, I'm not sure just which ones they were. But it wasn't presented in that manner.

Q It wasn't presented in that manner to you by the members of your Ship Loan Department, right?

A That's correct.

Q Spartalis, Shevlin and Metzger?

A Yes.

Q They presented it to you as a Scufalos loan?

A Correct.

Q And then the same thing with regard to the Tropis and the Tekton in December, is that right?

A That's right.

Q Did they tell you that there were two purchasing corporations for the Tropis and the Tekton?

A No.

Q Did they tell you that those two purchasing

corporations were Tidal Marine subsidiaries?

A No.

Q Did they tell you that the bylaws of those two purchasing corporations showed the officers of those corporations were Tidal Marine people?

A No.

Q As a matter of practice, am I correct, Mr. Bachman, that the bank relies upon its attorneys to make sure that all loan documentation, etc., is in order?

A That is correct.

Q And am I correct that you as a senior bank officer and a banker, relied upon the Ship Loan Department, Metzger, Shevlin and Spartalis, to make sure that the charters were genuine?

A That is correct.

Q Up until July 1972, what was your opinion of Spartalis, Shevlin and Metzger, in terms of honesty, veracity and integrity?

MR. GLEKEL: Objection, your Honor.

THE COURT: Overruled.

A I thought that they were conscientious employees. I had no reason to question their honesty, integrity.

Q And it turns out, am I correct, that you were fooled?

A Yes.

Q And is it correct also that to your knowledge the attorneys paid by the bank to represent the bank's interest also were fooled?

MR. GLEKEL: Objection, your Honor.

THE COURT: OVerruled.

A That would be my opinion, certainly.

Q What was your opinion of Harry Amanatides' honesty, integrity, prior to July 1972?

A I had no reason to question his honesty and integrity.

Q In fact, you liked him, didn't you?

A I can't say I liked him or disliked him. I had very limited contact with him.

Q You testified the principal consideration in loaning money to a corporation was its management and its efficiency and its overall good operation, right?

A Yes.

Q As far as you knew the bank had loaned $10,000,000 to Tidal Marine Corporation, is that right?

A That's correct.

Q And Tidal Marine Corporation was Amanatides, or he was the head of it?

A He was the head of it.

Q After August of 1972, did the bank work out an arrangement with Mr. Scufalos pursuant to which Mr. Scufalos--

MR. GLEKEL: Objection, your Honor.

THE COURT: I haven't heard the whole question so I cannot say whether it is objectionable or not.

Q Subsequent to August of 1972, Mr. Bachman, did th

bank work out an arrangement, if that is the proper word, or an agreement, with Mr. Mark Scufalos pursuant to which Mr. Scufalos would operate a number of the vessels involved in the Tidal Marine situation?

A This was a financing arrangement on those vessels that referred to the loans that he had guaranteed with the exception, I think, of two vessels. It was a total package of nine ships.

Q Nine ships?

A Eight or nine ships -- nine ships, that's correct

Q Am I correct that Scufalos operating those nine ships was able to pay off his guarantee of over $10,000,000 in approximately two and a half years?

MR. GLEKEL: Objection, your Honor.

THE COURT: Sustained.

It is the evidence in the case that counts, not whether you are right or wrong.

MR. FLEMING: I will withdraw the question.

Q Do you know, Mr. Bachman, of your own knowledge, whether the attorneys for the bank and a Mr. Teiman in particular, requested that the United States Attorney's office exercise leniency with regard to Mr. Scufalos?

A No.

Q You don't know that?

Q No, I don't know it of my own knowledge.

MR. FLEMING: I think I have nothing further, your Honor.

REDIRECT EXAMINATION

BY MR. GLEKEL:

Q Mr. Bachman, under bank policy were formal representations required from the borrower as to the existenc of charter securing loans prior to the closing?

A Yes.

MR.GLEKEL: Nothing further, your Honor.

THE COURT: Thank you very much, Mr. Bachman. You are excused.

(Witness excused.)

THE COURT: Next witness.

MR. MARMARO: The government calls Mark Scufalos.

M A R K S C U F A L O S, called as a witness on behalf of the government, having first been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. MARMARO:

Q Mr. Scufalos, of what country are you a citizen?

A Of the United States and Greece.

Q Where were you born?

A In Greece.

Q Where did you grow up?

A In the United States.

Q How do you earn your living, Mr. Scufalos?

A I manage ships. I am a ship manager.

Q With what concern are you affiliated?

A Union Commercial Steamship Company.

Q When was Union Commercial Steamship Company formed?

A In 1960.

Q Have you been involved with that company since its formation?

A Yes.

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Q What position do you hold with that company?

A I am the president.

Q In a little more detail, can you tell us the nature of Union Commercial's business?

A Yes. Union Commercial Steamship Company purc vessels for various clients and operates them, arrange charters for them and does all the managerial duties connected with the ship owning.

Q Were you engaged in business during 1971 and

A I was.

Q Have you ever heard of a company called Tida Marine International?

A Yes, I have.

Q When did you first hear about Tidal Marine Internatio..l?

A I believe it was in 1969.

Q Do you know an individual named Ion Livas?

A I do.

Q And what connection do you understand Mr. Li to have with Tidal Marine?

A Initially he had no official position with T Marine, but I believe in 1971 or '72 he became the cha

Q Do you know an individual named Harry Amanat

A I do.

Q What position did you understand Mr. Amanatides to have with Tidal Marine?

A President.

Q What is the nature of the relationship between Union Commercial Steamship Corporation and Tidal Marine? What was the nature of the relationship in 1971-72?

A The relationship between Union Commercial Steamshi Company and Tidal Marine was client to owner. In other words, Tidal Marine were clients of Union Commercial Steamship Company.

Q Did you manage vessels for Tidal Marine?

A Yes.

Q Directing your attention to late 1970 and early 1971, did you ever enter into business negotiations on behalf of Union Commercial Steamship Company with either Amanatides or Livas?

A Yes, I did.

Q What was the nature of these negotiations?

A The nature of the negotiations was the sale from Union Commercial, on behalf of owners by Union Commercial Steamship, the sale of 12 or 13 dry cargo ships.

Q What do you mean when you say on behalf of owners?

A Union Commercial Steamship Company is a management company. It manages ships owned by various ship owning

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corporations and when I say on behalf of owners, I mean on behalf of ship owning corporations, 12 or 13 of them.

Q Did you reach an agreement with Tidal Marine?

A Yes, we did.

Q How did that come about?

A The negotiation was for the sale to Tidal Marine of 12 ships, which I was doing the negotiating on behalf of the 12 ship owning corporations and Mr. Livas and Mr. Amanatides were doing the negotiation on behalf of Tidal Marine.

There was a successful conclusion and a contract was entered into for the sale of these 12 ships which subsequently became 13 ships.

Q When were these negotiations conducted?

A The negotiations commenced in January, February, 1971 and concluded on March 2, 1971.

Q Do you recall the terms of the agreement that was reached?

A Yes, The total price for the 13 ships was approximately $15,050,000. The terms of payment were 43 percent cash on delivery of each vessel. An additional 7 percent, three months after the initial deliveries. 30 percent in additional cash 12 months after the deliveries and 20 percent of the value in Tidal Marine stock.

Q Directing your attention to Government Exhibit 120 in evidence, do you recognize that?

A I do.

Q What is it?

A It's the memorandum of agreement covering the sale of 12 ships to Tidal Marine by Union Commercial Steamship Company representing the 12 owning corporations.

Q Are these the 12 ships we have just been discussing?

A Yes.

Q Was Tidal Marine represented by counsel in connection with this transaction?

A Yes.

Q Who was that attorney?

A Mr. James Hanlon.

Q Do you see Mr. Hanlon in this courtroom?

A I do.

Q Would you please point him out?

A (Indicating)

MR. FLEMING: That's conceded, your Honor. They know each other.

Q What if any role did Mr. Hanlon have in the closing of this transaction?

A Mr. Hanlon told us that he required minutes of

the selling corporations to be drawn up, authorizing the sale of the ships and he drafted the minutes, which we had typed up for each of the owning corporations and signed by the various officers of each of the corporations.

Q I direct your attention to Government's Exhibit 414-A in evidence, and ask you if you can identify that document.

A I can.

Q What is it?

A It's a letter signed by Mr. Harry Amanatides, which assigns and transfers in the event of default by Tidal Marine, under the terms of March 2nd, 100,000 shares of the capital stock of Tidal Marine, standing in his name on the corporation represented by certificates numbers 1 and 2 which are affix ed to this letter and constitutes--it constitutes myself, to transfer the said stock of the books of the said corporation with full substitutions of the corporation. It's additional security.

Q Was Government's Exhibit 414-A delivered in connection with the sale of the 12 vessels to Tidal Marine?

A Will you please tell me what 414-A is?

Q The document--

A Yes, it was.

Q Was that document witnessed by any individual?

A Yes, by Mr. Hanlon and Mr. Cotzias.

Q Does the document bear the signature of Mr. Hanlon and Mr. Cotzias?

A Ys.

Q What type of vessels were the vessels that were covered in the agreement between Tidal Marine and Union Commercial?

A Dry cargo vessels.

Q What was the aggregate purchase price that Tidal Marine contracted to pay for these vessels?

A The aggregate purchase price of the 12 ships here was $14,020,000 and with the thirteenth one it was approximately 15,050,000.

Q In your opinion did the purchase price negotiated represent the fair market value of these vessels?

A No, it did not.

Q What would you estimate the fair market value of these vessels to have been?

A The fair market of these vessels at that time was approximately five and a half million dollars.

Q On what facts do you base this on?

A In the fact that I managed these ships and I knew them intimately, in the age of the vessels, their design, and the condition of the freight market.

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Q When these vessels were sold to Tidal Marine did you have any agreement with Tidal Marine that you would help them obtain any financing for the vessels?

A No, I did not.

Q Were you ever asked to help Tidal Marine arrang e financing for some of the vessels?

A I was.

Q When was that?

A The first time was in conjunction with the delivery of the Captain Pantelis, the May, and the June, which would have been approximately May of 1971. They were the first three ships to be delivered.

Q Who asked you to help in the financing?

A Mr. Amanatides.

Q What if anything did you do in connection with thi

A I approached Williams & Glyn's Bank of London, who were our, or Union Commercial's bankers and I requested their assistance in arranging the financing for Tidal to purchase the ships.

Q Did you have to submit any documents in connection with this financing?

A Yes. I had to submit my personal guarantees on all three of them.

Q Had Amanatides told you why your assistance was

needed?

A Yes. In the case of the Captain Pantelis, the vessel was laid up in Rotterdam for lack of profitable employment. She had no charter, and it was impossible for them to finance the ship in the usual channels.

In the case of the May and the June, the vessels had I believe approximately 12-month charter to go to the Cuban government, and he explained to me that they could not approach an American bank to arrange the financing.

Q This financing was concluded with Williams & Glyn, was it not?

A It was.

Q Did the sellers of the May, the June, and the Captain Pantelis receive anything as a result of this financing?

A Yes. They received a 43 percent cash payment under the terms of the contract.

Q Are you familiar with the way in which the remaining dry cargo vessels were financed?

A Yes. The Pola N. and the Navishipper were financed by the General Electric Pension Trust here in New York. The Maria K and the Semira were financed by Farber. That left six to go.

Q Focusing on the Navishipper for one moment, was

that renamed at the time it was financed?

A The Navishipper --

Q Is that the new name of the vessel?

A The vessel was called Navishipper when Union Commercial had it and I believe the name remained the same.

Q Were you asked to participate in the financing of the remaining vessels?

A I was asked to participate in assisting Tidal to arrange the financing of the remaining six ships.

Q When was this?

A This would have been approximately July of 1971.

Q Who asked you to do this?

A Mr. Amanatides.

Q What if anything did he say to you?

A He asked me if I could join him in New York, if I could come to the United States in New York because he said that the six ships that had to be financed he arrang the financing but he required my assistance.

Q What if anything else did he tell you?

A He told me that he had arranged the financing with the National Bank of North America, with Mr. Spartalis, but it was necessary for me to appear to be the borrower because of the fact that Tidal had reached their legal limit with the National Bank of North America.

Q What if anything did you do in connection with this financing by the National Bank of North America?

A I was told by Mr. Amanatides that I had to approach Mr. Metzger of the National Bank of North America, explain to him that I required 3.3, three and a half million dollars in order to buy out my partners, and that to ask the money for the purpose of buying out my partners.

He also told me that if Mr. Metzger should ask me whether the vessels had any time charter employment, I should say that all three vessels had a three-year charter with a company called Transoceanic of Piraeus.

Q Were you in fact buying out your partners' interest?

A No, I was not.

Q Were the six dry cargo vessels on charter to Transoceanic?

A No, they were not.

Q How do you know that?

A Because I was operating the ships.

MR. MARMARO: Your Honor, with the Court's permission I would like to read a portion of Government's Exhibit 31 in evidence.

THE COURT: You may.

MR. MARMARO: Government's Exhibit 31 contains a document called Uniform Time Charter. It is dated July 15,

1971. Covers a vessel called the Sandra N, and it says that the Sandra N is chartered to Transoceanic Shipping Company of Piraeus for a period of 36 months.

This document is signed on behalf of Eltian Navigation Corp., the owners of the vessel, by Paul Katritsi

Q Mr. Scufalos, are you familiar with Transoceanic Shipping Company?

A I knew them to be a company in Greece. I don't know whether they exist yet. At that time they had an office on the waterfront there, and I knew them to be ship manager I suppose.

Q Who were the principals of Transoceanic Shipping?

A One of the principals was called Papageorgiou, Elias. The other principal that I was aware of was Ion Livan

Q After your conversation with Mr. Amanatides did you have occasion to meet with Mr. Metzer?

A Yes, I did.

Q Where did this meeting take place?

A In a restaurant downtown New York across from Delmonico's; I believe it's called the Coach House or Coachman, one of those.

Q What did you say to him and what did he say to you.

A I repeated to Mr. Metzger what Mr. Amanatides had told me to say: that I was buying out my partners in

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the six ships; that I required a loan of 3.3 or three and a half million dollars.

He asked me whether there was a charter, I said yes, that there was a three-year charter with Trans-oceanic of Greece, and I believe he said that he couldn't see a problem.

Q Was anyone else present during this lunch meeting?

A No.

Q Did anybody come by during the time of the meeting?

A Yes, Mr. Amanatides came by after lunch for coffe

Q Did he take part in any of the discussions?

A No.

Q Was the loan which you requested ultimately approved?

A It was.

Q You say you were posing as the borrower of this loan; is that correct?

A That is correct.

Q Who represented the borrowers in connection with this loan, what attorney?

A Mr. Hanlon.

Q Did you retain Mr. Hanlon?

A No.

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Q Did you ever pay Mr. Hanlon for this?

A N

Q Did this loan ultimately close?

A Yes.

Q How were the proceeds disbursed?

A The proceeds, 43 percent of the cash portion under the memorandum agreement was paid to the owners, but it was disbursed through a company called Eldorado.

Q What was Eldorado?

A Eldorado was a company controlled by Mr. Amanatide

Q In connection with this loan did you give your personal guarantee?

A I did.

Q Do you recall if anyone else gave a personal guarantee?

A Yes, Mr. Amanatides.

Q At whose request?

b2 A At my request.

Q What was your purpose in requesting Mr. Amanatides' guarantee?

A I felt that if he had his personal guarantee on it he would personally take an interest to make sure that the installments were paid as they became due.

Q Were you aware of the manner in which the

installments on this loan were to be paid?

A No.

Q Did you have any contact with any bank employee in November of 1971 in connection with a short term loan to cover the first installment?

A No.

Q Did you have any contact with any bank employee at the National Bank of North America concerning short term loan, in May of 1972 to cover a quarterly installment on this loan?

A No.

Q Were you aware that these loans were made?

A No.

Q Did you continue to manage these dry cargo vessels?

A Yes.

Q Were these vessels continuously employed through August, '71, until August of 1972?

A No. Most of them at one time or another were forced to lay up. I believe either one or two may have had continuous employment.

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Q Were these vessels earning enough money to cover their operating expenses?

A No, they were not.

Q While you were managing the dry cargo vessels, did you have any contact with anyone at Tidal Marine concerning the management of the vessels?

A Would you repeat that question?

Q While you were managing the dry cargo vessels did you have any contact with anybody at Tidal Marine in connection with the details of the management of these vessels?

A Yes.

Q With whom?

A We reported as clients of ours to Mr. Amaratides and Mr. Livas in London, and Mr. Naslas in New York.

Q Directing your attention to the fall of 1971, did you have any conversations concerning financing of the May and the June?

A No.

Q Were you asked by anyone to participate in the financing of the May and the June in the fall of 1971?

A No.

Q Was your guarantee requested by anyone in connection with the financing of the May and the June?

A Yes.

Q Who requested that?

A I believe it was Mr. Amanatides.

Q How did that come about?

A Mr. Amanatides told me that they were refinancing the May and the June from Williams & Glyn with the National Bank of North America. He said the purpose of the refinancing was to acquire a certain surplus part of which would be utilized in paying some of the outstandings that Union Commercial had as a result of managing the ships.

Q What do you mean by outstandings?

A I mean by outstanding accounts payable.

For example, fuel oil, lubricants, paints, insurance premiums. These are the daily operating items of a vessel and by that time Union Commercial was owed a substantial sum and so were the rest of the trade creditors. That is what I mean by that.

Q And you were to get part of that?

A And my company was promised part of that surplus from the refinancing.

Q Were the May and the June on charter at this time?

A Yes, they were. They had the Cuban charter yet.

Q Excuse me?

A They had the Cuban charter yet.

Q Did you have any conversations with any bank employees at the National Bank of North America concerning this loan?

A No.

Q I want to direct your attention to a letter contained in Government's Exhibit 33 in evidence, a letter dated October 14, 1971. Did you write this letter?

A No, I did not.

Q Is this letter on the stationery of Union Commercial Steamship Company?

A It is.

Q Are you familiar with the person who signed that letter?

A No, I am not.

Q Can you make out the name?

A No, I cannot.

Q Does it look like the signature of anybody ever employed at Union Commercial?

A It is not.

MR. MARMARO: With the Court's permission, I would like to read a portion of this letter.

MR. FLEMING: Can we mark it individually if it is part of the file?

MR. MARMARO: You can mark it as 33X.

(Covernment's Exhibit 33X was recieved in evidence.)

MR. MARMARO: This is a letter on the stationery of the Union Commercial STeamship Company, dated October 14, 1971, and it is addressed to Mr. J. Metzger, National Bank of North America and it states:

"Dear Mr. Metzger:

"We would like to apply to you for mortgage loan in the amount of $1,700,000 on two dry cargo vessels, the S.S. May and the S.S. June as follows," and it goes on to have six sentences describing various terms of the loan. And it closes by saying:

"If there are any other details and/or information that you may require, please do not hesitate to contact us."

And it is signed "Very truly yours, Union Commercial Steamship Company,"and the signature is hard to decipher, and it says "Director."

THE COURT: Signed by whom?

MR. MARMARO: I cannot read the signature.

THE COURT: Is there any indication?

MR. MARMARO: There is no indication other than "Director."

Q Mr. Scufalos, did you have any interest in the May and the June during the fall of 1971?

A No, I did not.

Q Were you managing this vessel?

A We were.

Q Was that your only interest?

A That's all.

MR.MARMARO: With the Court's permission I would like to read a portion of Government's Exhibit 34 in evidence May I?

THE COURT: Go ahead.

MR. MARMARO: Government's Exhibit 34 in evidence includes a loan agreement dated November 3, 1971 between May Shipping Company, Ltd., June Shipping Company, Ltd. and the National Bank of North America.

Section 1.9 of this agreement states:

"The mother vessel May has been chartered to Transoceanic Company Piraeus, Ltd., for a period of 36 months pursuant to the terms and conditions of that certain uniform time charter dated September 17, 1971. Section 1.10 says the mother vessel June has been chartered to Transoceanic Shipping Company Piraeus, Ltd. for a period of 36 months."

This agreement is signed by May Shipping Company, Ltd. by James D. Hanlon, attorney in fact, and by June

Shipping Company, Ltd., James D. Hanlon, attorney in fact."

Q Directing your attention to December of 1971, were you aware at that time that the National Bank of North America made a 5.5 million dollar loan on two vessels named the Tropis and the Tekton?

A No, I was not.

Q In December of 1971, did either you or Union Commercial have any interest, Union Commercial Steamship Company, have any interest in the Tropis or the Tekton?

A No, we did not.

Q Did you apply for that loan?

A No.

Q Did you have any conversations with any bank officers concerning the loan on either of these vessels?

A No, I did not.

Q I direct your attention to a guarantee which is contained in Government's Exhibit 40 in evidence. Is that guarantee on a National Bank of North America form?

A Yes, it is.

Q Does it bear your signature?

A It does.

Q Is that in fact your signature?

A It is.

Q Did you submit this guarantee in connection with

this loan?

A No, I did not.

Q Were you aware that it had been submitted?

A No, I was not.

Q Did you subsequently learn, that is, after the loan was made, learn that it had been submitted?

A Afterwards, yes.

Q Did you ever execute any guarantees in blank on National Bank of North America form?

A Yes, I did.

Q At whose request?

A At Mr. Amanatides' request.

Q You testified earlier that you were President of the Union Commercial Steamship Company, is that correct?

A That's right.

Q In December of 1974 had you ever heard of a company called Union Commercial Shipping Company?

A No.

Q At that time had you ever had any association with Union Commercial Shipping Company?

A No, I did not.

Q Directing your attention to the spring of 1972, did you have any conversations concerning a vessel named the Santa Isabella?

A Yes.

Q With whom?

A With Mr. Amanatides.

Q What if anything did you say to Mr. Amanatides in this connection and what if anything did he say to you?

A I was in London and I called Mr. Amanatides and I told him that I had just received a phone call from Mr. Revinthis, who was one of my partners in Union Commercial Steamship in Piraeus, and I told him that Mr. Revinthis called me and told me that Mr. Metzger from the National Bank of North America telephoned Piraeus, spoke with Mr. Revinthis and told him that he understood Union Commercial Steamship was purchasing a ship called the Santa Isabella. Revinthis told Mr Metzger that he didn't know anything about it, and having done so, he called me up and told me about it.

I asked Mr. AManatides whether he knew anything about it, and his reply was, "Oh, Christ, I forgot to tell you that you're buying the Santa Isabella."

Q What if anything did you say to him in response?

A I told him, "I have got news for you, Harry, I am not buying anything until we see some money as operators. We are way over extended in the market. I'm not doing anything until this gap is closed."

Q What was this "gap" the result of?

A The gap was the result of operating ships without

sufficient revenue to cover their expenses. And as a ship management company, we had put out of pocket money of our own and we owed the trade a lot of money.

He told me thatthe purpose of trying to purchase the Santa Isabella was to cover that specific purpose, that it to gain a sufficiently big enough loan from the National Bank of North America to give us approximately, I believe he said $800,000 in operating capital.

Q What if anything did you say to him then?

A I said "All right, if that's the case, we will play along with you. Do you want me to call Mr. Revinthis and ask him to call Metzger back in New York?'

He said "No, it is not necessary."

Q Directing your attention to June of 1972, did this loan ultimately close?

A It did.

Q Did you execute any document in connection with the closing of this loan?

A Yes. I executed a personal guarantee and I executed a letter to the effect that I was the sole shareholder of Epidavros, the corporation that purchased the Santa Isabella.

Q Did you own any shares in this company?

A No, I did not.

Q Had you ever owned any shares?

A No.

Q Was the Santa Isabella renamed after the closing?

A It was.

Q Were you present at the closing?

A I was.

Q After the closing, did you receive any money from Amanatides?

A Yes, as I recall, I received a check for $300,000 which bounced.

Q What was the new name of the Santa Isabella after the closing?

A Tagma.

Q Mr. Scufalos, did you plead guilty to making false statements in connection with the August 1971 loan on the six dry cargo vessels and the May, 1972 loan on the Santa Isabella, renamed Tagma?

A I did.

Q Is it your understanding that with this plea there will be no further charges brought against you as a result of Tidal Marine related matters and your failure to report to the grand jury in February 1973?

A That is my understanding.

Q Have any promises been made to you?

A Yes.

Q What are those?

MR. FLEMING: Objection.

A The promise that was made to me is --

THE COURT: Overruled.

MR. FLEMING: Thank you.

A The promise that was made to me was that if I continued to cooperate with the government and testified when called upon to testify, the Judge who will sentence me will become aware to what extent I did cooperate.

Q Do you know the name of the Judge who will sentence you?

A Yes, Judge Pollack.

MR. MARMARO: Nothing further on direct, your Honor.

THE COURT: Ladies and gentlemen, we will take a noon recess now and resume at 2 o'clock.

(Luncheon recess.)

AFTERNOON SESSION

2:10 p.m.

(In open court - jury present.)

CROSS EXAMINATION

BY MR. FLEMING:

Q Mr. Scufalos, my name is Peter Fleming and together with Mr. Sprizzo we represent Mr. Hanlon, Mr. Naslas and Mr. Katritsis.

You have said you know Mr. Hanlon?

A That's right.

Q Do you know Costas Naslas?

A Yes.

Q Do you know Paul Katritsis?

A I do.

Q You testified about a number of transactions and bank financings this morning.

Did you ever discuss those bank financings with Paul Katritsis?

A No.

Q Did you ever tell Paul Katritsis Transoceanic charters were phony?

A No.

Q Did you ever discuss those financings with Costas Naslas?

A No.

Q Did you ever tell him those Transoceanic charters were phony?

A No.

Q You said you were at the Tagma closing. That was the one in June, 1972, is that correct?

A That's right.

Q The closing you were at was in London, isn't that right?

A That's right.

Q Simultaneously there was closing over here in New York?

A I don't know about that.

Q Am I correct that Mr. Hanlon was not at the Tagma closing in London?

A He was not.

Q Am I correct you didn't discuss that closing with him?

A That is correct.

Q Or that loan?

A That is correct.

Q And on the Tropis and the Tekton, that was the loan in December of 1971, I believe your testimony was you kn nothing about that financing?

A That's right.

Q Obviously you did not discuss that financing with Mr. Hanlon?

A That is right.

Q And on the May and June, I believe you testified you did give your guarantee but had nothing else to do with the financing?

A That's right.

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Q I take it you did not discuss that financing with Mr. Hanlon?

A That's right.

Q Finally, on the borrowings in August, on six of the ships which your company had sold to Tidal, do you recall that transaction?

A I do.

Q You were at that closing, is that correct?

A Yes, I was.

Q And Mr. Hanlon was at that closing, do you recall that?

A I believe he was.

Q He was not, however, acting as your attorney, am I correct?

A He was not.

Q And you did not pay him?

A That is correct.

Q And you did not ask him to go there?

A That is correct.

Q Did you tell Mr. Hanlon that you had had this meeting with Mr. Metzger at the Coachman where you had told Mr. Metzger you want to borrow money to buy out your partners?

A No.

hph 2 Scufalos-cross

Q Did you tell him the charters were false?

A No.

Q Am I correct that the only conversations you ever had with Costas Naslas concerned the operations of ships?

A That is correct.

Q That was his job in New York at Tidal?

A That is correct.

Q I take it then insofar as the testimony you gave this morning, concerning transactions with Tidal Marine Corporation and people to whom you talked were Harry Amanatides or Ion Livas or both?

A That is correct.

Q You met Mr. Amanatides in 1969?

A That's right.

Q He was introduced to you by a man named Janis?

A That is correct.

Q In Greece, is that correct?

A That is correct.

Q Did Mr. Janis tell you that Harry Amanatides had started up a company called Tidal Marine Corporation?

A That's right.

Q And did Mr. Janis suggest the thought, in his opinion, you and Harry Amanatides should talk together?

A That is correct.

Q And Mr. Amanatides did talk to you, is that right?

A That is right.

Q And he discussed the type of company he had formed and what he was trying to do?

A That's right.

Q And did you agree that you believed that your company could work with Amanatides in pursuit of the aims of Tidal Marine Corporation?

A Mr. Amanatides told me at the time that they formed Tidal Marine --

Q I'm sorry, Mr. Scufalos, if I might.

Did you conclude personally that you can be of some assistance to Tidal Marine and work with them in pursuit of their aims?

A Yes.

Q And that you could sell ships to them; is that right?

A Yes.

Q And that you could charter ships for them?

A Yes.

Q That you could arrange marine insurance, that is, insurance on the ships for them?

A Yes.

elh 2 Scufalos-cross

Q And thereafter, in 1970 you did, your company or at least a branch of your company insured, placed the insurance with the Nepco Dauntless, a Tidal Marine vessel?

A That's right.

Q And your company received a commission for that?

A That's right.

Q And again in 1970 did you not sell a vessel to Tidal Marine called the Nimer, N-i-m-e-r?

A -a-r.

Q That is a combination of Nicholas -- Mr. Cotzias and your first names?

A No.

Q Mr. Revinthis and your first names?

A Yes.

Q Mr. Revinthis is one of your partners?

A That's right.

Q In connection with the sale of the Nimar to Tidal Marine, Inc. or International did your company receive some Tidal Marine stock?

A That's right.

Q If I can take a minute, did you know at that time that Tidal Marine was a public corporation, that is, its stock was sold to the public?

A Yes.

Q And this is like General Motors or -- and did you receive approximately $200,000 worth of Tidal Marine stock in connection with the Nimar?

A I don't remember what the amount was but we received a certain amount in stock and a certain amount in cash.

Q Was it about 20,000 shares?

A I don't remember. It could have been.

Q Also at or about that time you acted as the broker in selling a ship named the Tichi, T-i-c-h-i, to Tidal Marine International?

A No. I did not.

Q Did anyone in your company?

A If you can tell me the name before the ship became the Tichi, I might be able to be more --

Q The President Brand?

A The President Brand, yes.

What was your question?

Q Did you or someone in your company serve as the broker in the sale of that ship to Tidal Marine?

A Yes. The President Brand was proposed to me by Simpson, Spence & Young in London. I wasn't interested and I called Mr. Amanatides and asked him if he was interested for Tidal.

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After when he said he was interested I stepped out of it and Nick Cotzias took over as the broker.

Q Nick Cotzias is a partner of yours?

A No. He is a shareholder in Union Commercial International which might be -- yes, all right.

Q Nick Cotzias got a commission on that sale?

A That's right.

Q You testified this morning that you also knew at that time Ion Livas. When I say at that time, 1969 and 1970.

A I met Mr. Livas after Mr. Amanatides, but I don't remember the year. Possibly three or four months after I met Mr. Amanatides.

Q Would it be fair that you met him at least some time before the close of 1970?

A Yes.

Q Am I correct that Mr. Amanatides told you that he and Livas were equal partners in Tidal Marine?

A Yes, that's right.

Q And as a matter of fact, did you not have personal knowledge of Livas exercising his authority at Tidal Marine International in the purchase of the Nimar?

A Yes, that's correct.

Q And is it true that Mr. Christie Hanges, who

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worked for Tidal Marine, examined the Nimar and did not want to purchase it, and Mr. Livas overruled him?

A That is correct.

Q Your company also wrote insurance on a ship called the Aris?

A Yes, I believe so.

Q And perhaps other Tidal vessels?

A Yes, possibly.

Q And received commissions?

A Yes.

Q You testified this morning about the sale to Tidal Marine International of 13 of your ships. How large was your fleet, how many ships?

A How large were the ships that we were managing? Is that your question?

Q In number, how many ships did you own?

A At that time. I didn't personally own any ships. I had participation in some of the ships. We managed at that time perhaps 20 ships.

Q How many of those 20 sips did you personally have an interest in?

A As I recall, perhaps 10 or 11.

Q Am I correct that Mr. Levis or Mr. Amanatides came to you originally, you had met him before, but their

original thought was to purchase Union Commercial Steamship Company, purchase the company; is that right?

A That's right. That was Livas.

Q Livas wanted to do that. And you didn't want to do that, you didn't want to sell your company?

A That's right.

Q And then they came back and they offered to buy some of the ships?

A That's right.

Q And eventually, on or about March 2, 1971, Tidal Marine International purchased 13 ships?

A That's right.

Q Actually on March 2, 1971, Tidal Marine signed a memorandum of agreement to purchase, isn't that right?

A That's right.

Q If the title, ownership of the ships did not pass on that day?

A That's right.

Q You still had to get paid?

A That's right.

Q Did those 13 ships include all of the ships in which you personally had an interest?

A I believe so, yes.

Q So that after the execution of that memorandum

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of agreement you personally had no interest in any of the other ships which Union Commercial was managing?

A That is correct. As far as I can recall.

Q You had sold out whatever interest you had in the ships, you had sold out completely to Tidal Marine?

A I believe so.

Q You testified this morning that the total purchase for the 13 ships was a little over $15,000,000?

A That's right.

Q Am I correct that in fact the $15,000,000 purchase price was one-half in cash and one-half in Tidal Marine stock, valued at $15 a share?

A I don't think it was 50 percent cash. It was 43 percent cash, the initial payment, and an additional 7 percent, making it 50 percent, and then 12 months later an additional 30 percent in cash. So it would really make it 80 percent in cash and 20 percent in stock.

Q But am I correct that the reality of the transaction as it was actually effected is that seven and a half million was paid in cash and seven and a half million was paid in Tidal Marine stock, valued at $15 a share?

MR. MARMARO: Objection.

THE COURT: Sustained.

Q Did you testify in the grand jury on May 2, 1975?

A I testified in the grand jury. I don't remember the date.

Q Would the spring of 1975 be about right?

A I believe so.

Q And you were asked questions by Assistant United States Attorney named John D. Gorgan?

A That's correct.

Q Do you recall being asked these questions --

MR. MARMARO: Objection to this, your Honor.

THE COURT: What is the objection? This is cross examination. Why can't he ask a question? Go ahead.

Q Do you recall being asked these questions and giving these answers at page 33:

"Q Mr. Scufalos, that means these 13 ships were sold to Tidal Marine for slightly over $15,000,000, half in stock and half in cash, is that right?

"A That's right.

"Q How much were the ships real worth?

"A The approximate market value of the ships?

"Q Yes. At the time.

"A At the time was in the region of five and a half million dollars.

"Q So you sold them to Tidal Marine, by you, I mean you and your partners and associates, sold to Tidal Marine for three times what they were worth?

"A That's right. But bear in mind, one must bear in mind, it wasn't an all cash deal.

"Q Half of it was Tidal Marine stock?

"A Half of it was Tidal Marine stock.

"Q Mr. Scufalos, how come if the vessels were only worth five and a half million dollars, approximately, Tidal Marine would be willing to pay seven and a half million in cash, all of which I take it you ultimately received --

"A Yes, we did.

"Q -- plus all this stock? Why would they agree to that?

"A You are asking for my explanation?

"Q Do you have one?

"A I think we asked that question at the time, although we didn't know that they were aware of the fact that

the ships were really worth five and a half or six million dollars. We never discussed that with them. There is an old saying, buyer beware. But they told us that by acquiring a respectable name, 'your company' the ship owners vessels, their stock would rise on the stock exchange."

Were you asked those questions and did you give those answers under oath in the grand jury?

A Yes.

Q The memorandum of agreement of March 2, 1971, the sales agreement, that did provide, am I correct, for the payment of 186,000 shares of Tidal Marine stock valued at $15 a share as a part of the purchase price?

A I believe so. I believe that was the 20 percent.

Q Right, that was 20 percent.

And in addition -- do you have the letter that you showed Mr. Scufalos this morning?

(Pause.)

Q In addition, Mr. Amanatides signed 100,000 shares of his own Tidal Marine stock to you?

A That's correct.

Q And that is Government's Exhibit 414A which you read this morning.

A Right.

Q Am I correct that you recall, without seeing it

that it is an irrevocable transfer? Do you have a copy?

A I do, yes.

Q Good.

A Yes.

Q So it really wasn't a pledge at all, it was an irrevocable transfer?

A My understanding was that this was as security for the correct fulfilment of the contract.

Q Did you ever give the stock back to Amanatides?

A No.

Q And in addition to that 100,000 shares you receiv the 186,000 shares provided for in the agreement?

A That's correct.

Q So that is a total of 286,000 shares.

Now, am I correct that late, in July of 1971, you received an additional 282,000 shares of Tidal Marine stock?

A I don't remember the date, but that was an additional amount. I believe that is the amount, as security for the 30 percent.

Q And you never returned that?

A That's correct.

Q So that as of July, 1971, Mr. Scufalos, your company owned in excess of 500,000 shares of Tidal Marine

stock, is that right?

A I wouldn't say my company. I would say that the sellers of the ships. The company held them for their account.

Q So as a matter of fact, the way the deal worked out on the sale of the 12 and 13 ships, it was $15,000,000 and it was half cash and half stock, valued at $15 a share, wasn't it?

A Would you ask that question again, please?

Q Yes.

The way the deal utlimately worked out, what Tidal Marine paid for this 13 ships was $15,000,000, half in cash and half in stock?

A That's correct. The way the deal worked out.

Q After you had entered into the agreement to sell the stock, at least the ships, to Tidal Marine, Tidal Marine had to raise the money to pay you?

A That's correct.

Q You did assist them with regard to three ships by approaching your banker, Williams & Glyn, is that correct?

A That is right.

Q In London, is that right?

A That's right.

Q Giving them your personal guarantee and obtaining

financing on three ships?

A With my personal guarantee Tidal obtained financing.

Q What was the amount of that loan to Tidal?

A The three ships, I don't remember. Perhaps $400,000 for the May, $400,000 for the June, and I believe $150,000 for the Capetan Elias, but this is as far as my memory --

Q $950,000 or so?

A Approximately.

Q If Tidal did not pay it back you would have had to pay it back?

A That's right.

Q You also guaranteed a 3.3 million dollar loan on the six dry cargo ships at National Bank of North America, August 11, 1971?

A That's correct.

Q So that would bring your potential obligation up to 4.3 million?

A Right.

Q Then you also provided a guarantee on the refinancing of the May and June. How much was that, do you recall?

A I don't recall.

Q Can we say a million?

A I don't know.

Q Would 1.7 million refresh your recollection?

A No, it doesn't. It could have been, but I don't remember.

Q And then in addition, a guarantee of yours was used, according to your testimony, without your permission on the borrowing of approximately 3.7 million dollars on the Tekton and Tropis in December?

A I don't remember what the amount was. They were the ships in December.

Q Then you also gave a personal guarantee on 3.2 million on the Tagma in June?

A That's right.

Q So you put your personal guarantees out to Tidal Marine from 7 to 9 million dollars?

A That's right.

Q You were arrested in Greece, were you not, subsequent to these events?

A I have been in Greece for many years.

Q I said you were arrested, a-r-r-e-s-t-e-d, in Greece, arrested by the police?

A In Greece?

Q Yes.

A Yes.

Q And you were charged with a crime, with crimes?

A Yes.

Q You were charged with breaching your obligations to your partners in connection with the sale of these ships, isn't that right?

A Yes.

Q And you gave a statement to the Court in Greece, did you not?

A Yes.

Q Was that statement given under oath to the Court in Greece?

A It was a written statement.

Q Did you swear to it in court?

A I don't recall that I did.

Q Do you recall that in that statement you told the Court in Greece that you knowingly had provided your guarantee on the Tropis and Tekton loan in December, 1971?

A Yes.

Q And you now have changed that testimony?

A That was a statement.

Q Your testimony now is you don't know your personal guarantee had been given to the bank on that loan?

A That's right.

Q Your testimony is that the relationship of your company and Tidal Marine International was that Tidal Marine was a client of your company?

A That's right.

Q Did you so testify this morning?

A That's right.

Q Mr. Scufalos, on how many occasions in your lifetime have you executed blank personal guarantees -- to put it another way -- personal guarantees in blank with your signature and left them with clients?

A What was the question -- once.

Q And that was with Harry Amanatides?

A That's right.

Q In whose company, you or your partners own 500,000 shares or more common stock?

A Me and my partners. I would say that I personally--

Q I said you and your partners, is that right?

A Yes.

Q In fact, you essentially had traded your interest in ships for a stock interest in Tidal Marine, hadn't you?

A Me? No.

Q You didn't own any more interest in any ships, did you?

A We replaced the ships we sold to Tidal Marine.

Q And you invested in those?

A Yes.

Q So you had ships and Tidal Marine stock?

A Yes.

Q You gave your guarantees in other obligations of Tidal Marine, did you not, such as obligations of Galaxy?

A I don't recall.

Q Do you recall giving a guarantee to Williams & Glyn Bank on an obligation of Galaxy of about $487,000?

A Yes, I do.

Q Galaxy was a Tidal subsidiary?

A That's right.

Q Do you remember other occasions when you gave

your personal guarantee on Tidal obligation, either the parent company or a subsidiary obligations?

A I don't recall.

Q You also operated these vessels that you had sold to Tidal Marine for Tidal Marine, isn't that right?

A That's right.

Q You testified this morning that you kept losing money on that operation?

A That's right.

Q You lost money in the fall of 1971 running those ships, is that righz?

A That's right.

Q You were down about $1,000,000 in losses, weren't you?

A I believe so.

Q And you kept running the ships?

A That's right.

Q At a loss?

A That's right.

Q And then in the spring of 1972, they were still running at a loss, weren't they?

A That's right.

Q And you kept running them for Tidal?

A That's right.

Q And your company kept losing money?

A That's right.

Q And then you made false statements to a bank in order to get your money back?

A I would say that's accurate, yes.

Q When Harry told you that he wanted to borrow money on the Tagma because he wanted to get you your money back, you said okay, we'll play along, right?

A That's right.

(Defendant's Exhibit D was marked for identification.)

Q Do you know Marcello Delfos?

A Yes.

Q I show you the second page of what has been marked D for identification. Does your signature and Marcello Delfos' signature appear there?

A Yes.

Q Your signature is the top one?

A That's right.

Q You signed that document?

A This is my signature.

Q Will you read the first page?

MR.MARMARO: Objection. It is not in evidence.

MR. FLEMING: I offer it in evidence.

THE COURT: He can read the first page whether it is in evidence or not.

MR. FLEMING: Mr. Marmaro is correct. I was asking it to be read aloud.

THE COURT: He doesn't have to read it aloud. You can read it, if it is in evidence.

MR. MARMARO: No objection.

(Defendant's Exhibit D was received in evidence.)

Q Mr.Scufalos, did you tesify under oath that prior to December 4, 1971, you had never heard of Union Commercial Shipping Company?

A That's right.

Q When did you first hear of Union Commercial Shipping Company?

A In 1972, as I recall, in November.

Q November 1972?

A Yes.

Q After Tidal Marine had collapsed?

A I believe so.

MR. FLEMING: May I read this, your Honor?

THE COURT: Yes.

What do you mean by Tidal had collapsed? They went out of business?

THE WITNESS: For practical purposes, yes.

THE COURT: So the shares are worthless?

THE WITNESS: That's right, sir.

MR. FLEMING: "Minutes of the meeting of the Board of Directors of Union Commercial Shipping Company Limited of Liberia held on June 30, 1971. Present: M. Scufalos, President-Director. S. Bachas, Vice President-Director. M. Delfos, Secretary-Director."

Signed Mark Scufalos, President-Director, S. Bachas, Vice President-Director, M. Delfos, Secretary-Director.

BY MR. FLEMING:

Q I will take you back, Mr. Scufalos, to the 13-ship transaction. Did you testify this morning that the May and the June had been part of that package of ships which were sold to Tidal?

A That's correct.

Q Isn't it correct that it was discovered that Tidal could not take ownership of those ships because they had a charter with a Cuban company or the Cuban government?

A No.

Q You have no recollection of that?

A I have a recollection that they had to take the corporations along with the names of the ships but that was because they had a charter with them.

Q Do you recall Mr. Livas substituting two of his ships, the Triton and the Timi for the May and the June?

A No.

Q I show you Exhibit D. Let me just read it to you. It is a resolution that M. Delfos, the secretary of the company be and is hereby authorized for and on behalf of the company to execute and/or sign the various time charter parties as listed below. And, 11 ship names appear below and two of them are the Triton and the Timi, and none of them are the May and the June.

Would you look at that.

Are not those ships, the ships that were sold to Tidal Marine as of March 2, 1971?

A All the ships are, except the Triton and the Timi which were not the ships we sold.

Q You don't recall the Triton and Timi as being substituted by Livas?

A No.

Q Because of the Cuban charter problem?

A No.

Q That's Union Commercial Shipping Company and it is June 30, 1971, isn't it?

A Yes.

Q Do you want to take back your testimony that you never heard of the company before December 4, 1971?

A No.

Q Am I correct, Mr. Scufalos, that when you

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received the additional 282,563 shares of Tidal Marine stock, they were transferred to Union Commercial Shipping Company Limited, and not to Union Commercial Steamship Company?

A Yes.

Q And that was in July, 1971?

A I don't recall that.

(Defendants' Exhibit E marked for identification.)

Q Reading that document, does it refresh your recollection that the additional 282,000 shares were transferred by Amanatides to Union Commercial Shipping Company on July 19, 1971?

A It doesn't refresh my memory, no.

Q Do you recall that on July 15, 1971, a series of charters were executed with Union Commercial Shipping Company Limited and signed by Delfos for Union Commercial Shipping Company, and Amanatides?

A No.

Q You have no recollection?

A No recollection.

(Defendants' Exhibit F marked for identification.)

Q Would you look at F for identification and tell me if it refreshes your recollection as to the execution of such a charter?

A No, it doesn't.

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Q Is that Marcello Delfos' signature on that document?

A I believe it is.

Q And is Mr. Amanatides' signature on the document?

A I believe it is.

Q You testified about a conversation you had with Mr. Metzger of the bank for this six-dry cargo-ship loan in August of 1971.

Do you recall that testimony?

A Yes.

Q You met him at the Coachman, you told him you had to buy out your partners and you want to borrow the money?

A That's correct.

Q Am I correct that before you came to New York, you received a telephone call from Amanatides asking you to go to Rhodes, England, to have lunch with a man named Michael Palmer?

A I remember being asked by Mr. Amanatides to join him in Rhodes, Greece, but I don't recall when it was.

Q Do you remember being asked by Mr. Amanatides to go to the Isle of Rhodes, and meet Mr. Palmer?

A I do.

Q Wasn't that rather shortly before you went to

New York to talk to Metzger about this loan as you testified?

A I don't believe it was. I believe it was autumn in Rhodes. I believe it was September because it was cool and I had never been to Rhodes before, and I remember going to a houseboat for lunch, and the weather was autumn weather, which would mean that the Rhodes meeting took place after the Metzger deal.

Q Do you recall meeting with Mr. Palmer?

A Yes.

Q At the Isle of Rhodes?

A Yes.

Q Palmer was an investment banker?

A Yes.

Q He worked for the investment banking firm of Shearson Hammill?

A Yes.

Q He was a London partner or --

A London partner.

Q He was interested in Tidal Marine?

A Yes.

Q He told you at that meeting Shearson Hammill was going to arrange $80,000,000 in financing for Tidal Marine?

A Some astronomical figure.

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Q You told the FBI 80,000,000, did you not?

A Perhaps then I remembered 80,000,000. Today I don't remember that. It was a high figure.

Q Will you take 60?

A Could have been 80, could have been 60.

Q And Union Commercial Shipping Company had just received 282,000 shares of Tidal stock, isn't that right?

A In July from what I saw, yes.

Q You dealt with Metzger on this six-cargo loan. You told him, you have testified, that you wanted to borrow the money to pay your partners, is that right?

A That's right.

Q And that was false?

A Yes.

Q And you told him that the vessels were charted by Transoceanic, is that right?

A That's right.

Q And that was false?

A That's right.

Q You also gave him statements of income and expens projected statements of income and expense with regard to the vessels, did you not?

A Yes.

Q To show the vessels would earn enough money

to pay back the loan?

A Yes.

Q And those statements of income and expense had been prepared by Ion Livas in London, had they not?

A Yes.

Q And they were false, were they not?

A Yes.

Q And you knew they were false?

A Yes.

Q And you gave them to Metzger?

A Yes.

Q You got the money?

A Yes.

Q Isn't it a fact, Mr. Scufalos, that you didn't tell Metzger that you were borrowing it to pay your partners, you and Amanatides told Metzger to tell the bank that you were borrowing it to pay your partners?

A No, that is not a fact.

Q Did you not in fact give Metzger a corporation which owned 5,000 shares of Tidal Marine?

A No.

Q You deny it?

A I deny it.

Q Am I correct that there were six companies which

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purchased those six ships on that August loan?

A Yes.

Q And am I correct that every one of those six companies was a Tidal subsidiary?

A Yes.

Q And every one of those six companies had officers from Tidal Marine?

A I don't know.

Q And borrowing companies were represented by Jim Hanlon, the attorney for Tidal Marine, were they not?

A No.

Q And you are saying on your oath that you did not tell Metzger, we want you to tell the bank it's my loan?

A That is exactly what I am saying, yes.

Q Just as you are saying that prior to December 4, 1971, you had never heard of Union Commercial Shipping Company.

MR. MARMARO: Objection.

THE COURT: Sustained.

Q Isn't it a fact, Mr. Scufalos, that for all practical purposes in 1970 and '71 and '72 you were partners with Ion Livas and Harry Amanatides?

A No.

MR. MARMARO: Objection.

THE COURT: The objection is sustained. Strike out the answer.

Q When did you last see Livas?

A About three years ago.

Q Where was that?

A In London.

Q You have pleaded guilty here in this case?

A Yes.

Q And that was for signing a statement saying that, a representation you were the owner of the Epidavros, purchaser of the Tagma?

A Yes.

Q And what else did you plead guilty to?

A Making a false statement to the National Bank of North America in respect of the six dry cargo ships.

Q Do you remember entering that plea of guilty before Judge Pollack on November 7, 1975?

A I don't remember the date.

Q Do you remember entering that plea of guilty before his Honor Judge Pollack here?

A Yes.

Q Was it in November, 1975?

A I don't remember.

Q The fall of '75?

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A I don't remember the date. It could have been.

Q And you recall Judge Pollack asking you in connection with your plea of guilty, at page 5, "Have any threats or promises been made to induce you to plead guilty?" And your answer, "No, your Honor."

A Yes.

Q And then you recall that your attorney, Mr. Broderick, had to break in and say, "There have been promises made in connection with this plea of guilty."

Do you recall that?

A Not really, no.

(Defendants' Exhibit G marked for identification.)

Q I show you G for identification. You can look at it as much as you want to, Mr. Scufalos, but I am directing your attention especially to page 5.

Am I correct that Judge Pollack asked you, "Have any threats or promises been made to induce you to plead guilty, and that you answered 'No'"?

A That's right.

Q Am I correct that your attorney, Mr. Broderick, then broke in and said that there have been promises made?

A That's right.

Q And those promises were that if -- as you testified this morning -- that if you continued to

cooperate with the government, that cooperation would be brought to Judge Pollack's attention?

A That's right.

Q Am I correct that you hope that Judge Pollack will exercise leniency?

A That's right.

THE COURT: Is that the extent of the promises, according to that statement?

THE WITNESS: That's right, your Honor.

THE COURT: Cooperation.

THE WITNESS: Cooperation.

MR. FLEMING: I think that is about it. May I have just a moment, your Honor?

(Pause)

Q Did you ask the Bank of North America to recommend to the United States Attorney's office that they be lenient with you?

MR. MARMARO: Objection.

THE COURT: Sustained.

MR. FLEMING: Form, your Honor?

THE COURT: No. I don't think that is a subject that need be gone into any further.

MR. FLEMING: I think I have no further questions, your Honor.

MR. MARMARO: Brief redirect, your Honor.

REDIRECT EXAMINATION

BY MR. MARMARO:

Q Mr. Scufalos, you testified about the sale of 13 vessels to Tidal Marine; the vessels described in the memorandum of agreement in March of 1971, is that correct?

A That's right.

Q You testified that you were one of the principals as to several of the vessels; is that correct?

A I was one of the participants, one of the shareholders of the ships.

Q What percentage ownership did you have in these vessels, approximately?

A My percentage ranges from zero to 12 percent. The biggest one is 12 percent.

Some were 2 percent, some were 3 percent, some were 5 percent. One was 8 percent, one was 6 percent.

Q The purchase price, that is the shares and the cash, went to all the principals?

A That's right.

Q So that you would share only according to the percentage of equity ownership that you owned?

A That's right.

Q You received 50 percent of the purchase price

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in cash; is that correct, or the ownership?

A That's right.

Q Did you ever receive any money for the Tidal Marine shares?

A No.

Q You testified about a guarantee in connection with a loan on the vessels called the Tropis and the Tekton?

A That is correct.

Q You testified that you did not submit this guarantee to the bank; is that correct?

A That is correct.

Q If Mr. Amanatides had asked you to guarantee this loan, would you have?

A I would have, had he told me the reason, which would have been due--

MR. FLEMING: No, wait a second.

THE COURT: Just a second. Don't hold your hand up.

You go ahead and finish your answer, and you can move to strike it out if you don't like it. Go ahead.

A Mr. Amanatides me that the reason for providing this guarantee is to provide some operating capital to my management company, I would have done it.

MR. FLEMING: I object to it as unresponsive.

THE COURT: Overruled.

Q You testified about promises made in connection with your plea; is that correct?

A That is correct.

Q You testified that you understood that any promise the government made was conditioned upon your cooperation; is that correct?

A That is correct.

Q Does that cooperation include testimony?

A It does.

Q What kind of testimony?

A Truthful testimony.

MR. MARMARO: I have no further questions.

RECROSS EXAMINATION

BY MR. FLEMING:

Q Do I take it that what they have told you, they, meaning Mr. Glekel and Mr. Marmaro, is that so long as you give truthful testimony you will not be prosecuted for perjury?

MR. MARMARO: Objection.

THE COURT: That is not responsive. That raises another point. That is not what the promise was, according to the lawyer who got up in court and talked about it.

The promise, as I heard you read it, was that he was promised the United States Attorney would call to my attention that he was cooperating. That was the promise.

MR. FLEMING: That is what I understood.

THE COURT: You are asking for a different point.

MR. FLEMING: I didn't. It was just asked by Mr. Marmaro.

THE COURT: I think he was asking the same thing.

MR. FLEMING: May I have the last question and answer read by Mr. Marmaro.

(Record read)

MR. FLEMING: I guess I need more questions and answers read.

(Record read)

THE COURT: Now ask the question.

Q Am I correct, Mr. Scufalos, that it is the United States Attorney's office which will decide whether you were giving truthful testimony?

MR. MARMARO: Objection.

THE COURT: I can tell you right now, as the sentencing judge, it won't make any difference.

MR. FLEMING: Thank you, your Honor. I have nothing further.

THE COURT: You may step down.

(Witness excused)

ellt 1 Thompson-direct

THE COURT: I will judge the question.

Next witness.

MR. GLEKEL: The government calls H. Franklin Thompson.

H. F R A N K L I N T H O M P S O N, called as a witness on behalf of the government, having first been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. GLEKEL:

Q Mr. Thompson, how are you employed?

A I am counsel trust investment for General Electric Company.

Q Were you so employed during 1971?

A Yes.

Q Do your duties include lending money on behalf of the General Electric pension fund?

A Yes.

Q Do you recall, directing your attention to September of 1971, entering into two loan agreements with Tidal Marine for the purchase of two ships by the name of the Navishipper and the Pola N?

A Not the purchase. We entered into a loan agreement covering mortgage loans on four vessels, including those

Q Who represented General Electric in connection with these two loan agreements?

A Our special counsel was Simpson, Thacher & Bartlett.

Q Did you also represent General Electric?

A I beg your pardon?

Q Did you also represent General Electric?

A Yes.

Q At the time you entered into this loan agreement who was the owner of these two ships, as represented to you?

A Each of the vessels was owned by a wholly owned subsidiary of Tidal Marine Corporation, and they were names of Greek origin. I don't remember which corporation owned which vessel.

Q Who represented Tidal Marine in these two loan transactions?

A Mr. Hanlon, I believe.

Q Were you present at the closings of these loans?

A Yes.

Q Who was present for Tidal Marine?

A The two that I remember, Mr. Hanlon was present at one or more of the closings, Mr. Naslas was present at one or more of the closings. We had a separate closing for each of the four vessels.

Q In other words, four loans were made altogether by the G.E. pension fund, two of which were on the Navishipper and Pola N?

A Right.

Q Let me show you Government's Exhibit 800 in evidence and direct your attention to page 12 of the memorandum of closing and ask you whether that refreshes your memory as to who was present at the closing on that ship on behalf of Tidal Marine.

A Yes. This memorandum of closing was prepared by our special counsel and they indicate that Mr. Naslas and Anna Diaz -- she was not present in person -- Mr. Naslas was there and Mr. Halpern.

Q If you turn over the page, is anyone else present?

A And Mr. Hanlon, yes.

Q This was the loan to Alioth Corporation?

A Yes, that's correct.

Q On the Navishipper?

A Yes.

Q Directing your attention to Government's Exhibit 801 in evidence, and again, referring you to page 12 of the memorandum of closing, I ask you to please look at this and ask whether it refreshes your recollection as to who was

present at the closing of this loan?

A Yes. This again was a memorandum of closing prepared by Simpson, Thacher & Bartlett. It indicates that Mr. Naslas was present, Mr. Halpern, and Mr. Hanlon.

Q This was a loan on the Pola N to Sirius Corporation?

A To Sirius Navigation Corporation?

Q Yes.

A Yes.

MR. GLEKEL: No further questions, your Honor.

THE COURT: Any cross examination?

CROSS EXAMINATION

BY MR. FLEMING:

Q Simpson, Thacher is a large New York law firm?

A Yes.

Q Shall I say there might be as many as 150 or 200 lawyers that work there?

A It is a large firm, certainly.

Q And very reputable?

A Yes.

Q They represented the lender, your fund, is that correct?

A They acted as our special counsel, yes.

Q Did they prepare the loan agreement?

A No, I prepared the loan agreement. They prepare the documentation evidencing and securing the loan.

Q And then there was a closing?

A Yes.

Q And at the closing, am I correct that representatives of both parties to the transactions came in and executed the necessary documents?

A That is essentially correct, that Tidal Marine, the Tidal Marine representatives came in, the documents if any that had to be executed by the pension trust may not hav been executed at that closing, they could have been done before hand.

Q The Tidal Marine people came in and executed wha documents needed to be executed?

A Right.

Q Do you have any idea how long that closing took

A Each of the four closings took a good part of a day.

Q A lot of papers?

A A lot, yes.

THE COURT: Thank you very much. You are excused.

(Witness excused.)

MR. GLEKEL: The government calls George MacKenzie.

G E O R G E M A C L E O D M A C K E N Z I E,

called as a witness on behalf of the government, having first been duly sworn, testified as follows:

THE WITNESS: I live at 41 Pearce Avenue, Poole Dorset, England.

DIRECT EXAMINATION

BY MR. GLEKEL:

Q Mr. MacKenzie, how are you presently employed?

A I am the chartering manager of an oil company in New York.

Q Directing your attention to the period 1970 to 1972, how were you employed then?

A I was the chartering manager of British Petroleum in London.

Q What were your duties?

A To acquire the ships that BP needed to charter.

Q What kind of company was BP?

A It is a very big oil company. It is, I think, about the eleventh biggest in the world.

Q And in connection with obtaining charters, what were your specific duties?

A To obtain the ships that the company required

and to see that they were of the right size and the right position, and they were obtained at the proper level of money.

Q Did you participate in the actual signing of charters?

A I was the only person in BP authorized to sign charters.

Q Are you familiar with the charters signed on behalf of BP during 1970 and 1971?

A I was, yes.

Q Let me show you Government's Exhibit 253A in evidence, which purports to be a charter for three years on a vessel by the name of the Messiniaki Floga, and which bears a signature on behalf of BP Tanker Company of G. MacKenzie.

Let me ask you whether this is a genuine charter entered into by BP Tanker?

A Yes, this is.

Q How do you recognize it?

A By my signature and by various stamps that are on the document.

Q Do you recall, did a time come when the name of the Messiniaki Floga changed to the Tachys?

A Yes.

Q But they are one and the same ship?

A They are.

Q Mr. MacKenzie, let me show you a purported time charter contained in Exhibit 43 in evidence, which purports to be -- which is a National Bank of North America credit file. The charter purports to be on the Tachys and to be for five years and bears the signature for BP Tanker Company of Ashford, and on behalf of Spartan and Devore Shipping Company of Paul Katritsis.

The question is, whether BP Tanker Company ever entered into such a charter arrangement.

A BP Tanker never entered into such an arrangement.

Q On what do you base that answer?

A Because at the time, ships were very expensive to acquire and BP was cutting down the charter period to the minimum, so that my authority was to fix ships for three years only, not for five years. And so far as the document is concerned, it is short of the broker's stamp, it is signed incorrectly --

Q What do you mean "incorrectly"?

A Because in BP there was a system of authorizing people to sign various documents, and you also had to state what your position was when you were signing anything. And this just says BP Tanker Company, Ltd.

Q Now, Mr. MacKenzie, did there come a time when th three-year charter on the Tachys which you have stated was genuine, was cancelled?

A Yes.

Q Was that prior to the delivery of the ship on tha charter?

A The charter for the Tachys was cancelled on the 11th of May, 1971, which is prior to the delivery date of the ship.

Q In other words, the charter never went into effect on the Tachys?

A This is correct.

THE COURT: What exhibit number did you say that was?

MR. GLEKEL: The most recent exhibit I believe is 43.

Q Mr. MacKenzie, do you recall entering into a charter agreement on a ship by the name of the Ketty, renamed the Tropis, on behalf of BP Tanker Company?

A I do.

Q Let me show you Government's Exhibit 277 in evidence which purports to be a three-year time charter on the Tropis, and ask you whether that is a genuine charter agreement entered into by your company.

A Yes, it is genuine.

Q How do you recognize it?

A Once again, by the broker's stamps, by the BP Tanker Company stamps, and also by my signature on it.

Q Let me show you Government's Exhibit 277A for identification, which purports to be a five-year time charter on the Tropis and I ask you whether this charter agreement was entered into on behalf of BP.

A It was not.

MR. GLEKEL: We neglected to enter this into evidence yesterday.

Q And what is the basis foryour determination?

A The same as for the charter that I had just looked at, for the Tachys . It doesn't have any of the stamps on it that it should have. The signature is wrong and in fact, even the typewriter that it was typed on is not the one the firm of brokers always used for typing their charter parties.

Q Do you recall entering into a three-year time charter on a ship by the name of Michael A. Karageorgis,

later named the Tekton?

A I do.

MR. GLEKEL: Your Honor, the government would like to offer Exhibit 277A into evidence. It has not been previously so presented.

MR. FLEMING: We have no objection.

(Government's Exhibit 277A was recieved in evidence.)

Q Mr. MacKenzie, I show you Exhibit 277, which purports to be a time charter on the Michael A. Karageorgis, renamed the Tekton, for three years, entered into by BP Tanke and I ask you whether this is a genuine charter party agreement.

A Yes, it is genuine.

Q And how do you recognize it?

A By the stamps, by my signature, and by the typing

Q I show you a purported time charter party agreement on the Tekton for five years contained in Exhibit 275 in evidence, National Bank of North America loan file, and I ask you whether this charter party was ever entered int by BP Tankers?

A No, it never was.

Q And what are the reasons for that?

A It is minus the stamps that were an essential

feature of the charters; it is not properly signed and there is nobody by the name of Ashford authorized to sign charters.

Q Did BP Tankers ever enter into five-year charter parties on the Tachys, Tropis or Tekton?

A No, they did not.

Q These three charters that you have identified as being false, appear to be typed on BP forms similar to those identified as authentic; is that the case?

A That is so.

Q Were BP charter forms generally available?

A Yes, they could be obtained by anyone who wanted them.

Q Outside of BP Tankers?

A Outside of BP.

MR. GLEKEL: No further questions, your Honor.

CROSS EXAMINATION

BY MR. FLEMING:

Q Why are the BP charter forms available to anyone, Mr. MacKenzie?

A There are quite a number of small oil companies who do not have the facilities to draw up their own charter party forms so what they do, they use an established form.

Q And they cross off your name and put their name on it?

A Yes.

Q It is like Blumberg forms, legal forms?

A Yes.

Q How long have you been in the business of chartering ships?

A Since 1947.

Q You testified about three five-year time charters which are indisputably false, is that correct?

A Yes.

Q And they are all signed with the name "Ashford," is that correct?

A That is so.

Q And there was nobody at BP called Ashford?

A Nobody in BP Tanker Company called Ashford.

Q You have testified to three undisputably falsified charters. My question is:

In all the time that you have been in this business, have you seen counterfeits like this before?

A No.

Q This is the only time?

A Yes.

Q And whoever did it, what they did was, they took an existing charter and they raised it?

A They extended it, yes.

MR. FLEMING: Thank you very much, Mr. MacKenzie.

THE COURT: You are excused.

(Witness excused.)

MR. MARMARO: The government calls Richard Teiman.

THE COURT: We will take a short recess.

(Jury left)

(Recess)

(Resumed, jury present)

R I C H A R D B. T E I M A N, called as a witness, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. MARMARO:

Q Mr. Teiman, how are you employed?

A I'm an attorney.

Q With what firm?

A Cole & Dietz.

Q For how long have you been an attorney with Cole & Dietz?

A Since 1962.

Q Has your firm ever done any legal work for the National Bank of North America?

A Yes, sir.

Q In what capacity?

A We have acted as counsel for the National Bank of North America for a number of years.

Q Directing your attention to the period 1971 to '72, did you have occasion to work for the National

Bank of North America on ship financings?

A Yes, sir.

Q In general what would be the procedures you would follow in representing the bank on such a transaction?

A We would be advised of a transaction by the lending officer either by telephone or the lending officer would send over a summary of the proposed transaction which would be called a fact sheet and an indication of committee approval of the transaction which would appear on a document called an offering sheet, and based upon the information contained in the offering sheet and the fact sheet, we would prepare a credit agreement and the security documents, the documents whereby the bank would get its security interest in the collateral.

We would send those documents out to counsel for the borrower, after we had obtained comments from counsel to the borrower we would arrange for a closing, and at the closing a number of documents were presented by counsel to the borrower. These documents were called for in the credit agreement.

Q In connection with loan closings, would you require the legal opinion of borrower's counsel?

A Yes, sir.

Q What document would embody the legal opinion?

A A separate document which was the opinion of counsel to the borrower.

Q What was the reason for asking for such a document

A There were two things. First of all, since the borrower or someone on behalf of the borrower was executing documents we wanted to be sure that the person who executed had authority to act on behalf of the borrower. And, it was the borrower's counsel who prepared the appropriate resolutions and in effect the steps which led up to that execution and the authority that led to that execution.

Second, we wanted to make sure that the borrower's counsel didn't know anything about the transaction, that we didn't know.

Q Did you ever have occasion to work on a financing for National Bank of North America involving a vessel named the Aris?

A Yes, sir.

Q When was that?

A In December, 1971.

Q What was the nature of the Aris transaction?

A The bank loaned approximately $4,000,000 to a Liberian corporation known as Spartan Pride Shipping Company Limited. The stock of the company was owned by

Michael Panayotopulos. The bank was financing the purchase by Spartan Pride of the vessel, the Aris, from Leo Navigation Corp, which was a subsidiary of Tidal Marine.

Q What was the bank's security?

A The bank received a first mortgage on the vessel, and an assignment of the charter hire, an assignment of earnings of the vessel and the bank had received in effect an assignment of the insurances on the vessel.

Q What was the period of repayment for this loan?

A I believe it was five years.

Q And was the vessel supposedly on charter?

A Yes, sir.

Q And to whom was it supposed to be on charter?

A Hintershall A.G. of Kassle, Germany.

Q What was the time period of the charter?

A The document presented to the bank had a time period of 60 months.

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Q Now, the assignment of the charter hire would in effect be assignment of all revenues from this hire?

A Yes.

Q What is the significance of an assignment of the charter hire?

A It's the charter hire that pays down the loan.

Q Did this transaction ultimately close?

A Yes, it did.

Q Who was present at this closing and who were they representing?

A Mr. Shevlin was present representing the bank. I was present representing the bank. I believe that Mr. Metzger of my office was also present representing the ban Mr. Naslas was represent representing -- was present representing Leo Navigation and Mr. Katrititsis was repre-senting Spartan Pride Shipping Company, and Mr. Hanlon was representing-- Mr. Hanlon was pre nt and he was represent Leo Navigation. And Joseph P. Fleming, he was representing Spartan Pride Shipping Company.

Q Who continued to operate the vessel after the transaction?

A Tidal Marine or a subsidiary of Tidal Marine that was involved in operating vessels.

Q You testified that Messrs. Naslas, Hanlon and

Katritsis were present; is that correct?

A Yes, sir.

Q Do you see these gentlemen in court today?

A Yes, I do.

Q Would you please point them out?

MR. SPRIZZO: We have no issue on that, your Honor.

THE COURT: What did you say?

MR. SPRIZZO: We have no issue on that, on the question of identification.

THE COURT: You mean that the man is identified?

MR. SPRIZZO: Yes.

THE COURT: Let's put it in language that the jury will understand, instead of intercommunication between the lawyer and the court. He says that the person has been identified.

MR. FLEMING: Persons, your Honor. All three.

THE COURT: All right.

Q I direct your attention to what has been marked Government's Exhibit 5 in evidence and to a particular part of that exhibit which is an agreement of sale. I want to ask you if this document was delivered in connection with the closing?

A The document in front of -- the document was

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delivered at the closing, yes.

Q Was it a condition to the closing that this document be delivered?

A Yes, sir.

MR. MARMARO: With the Court's permission I would like to read a small portion of this document. This is an agreement of sale made as of December 29, 1971, between Leo Navigation Corporation and Spartan Pride Shipping Company Limited, and concerns the vessel Aris. I shall read Section 4.

(Mr. Marmaro read to the jury from Government's Exhibit 5 in evidence.)

Q I want also to direct your attention to what has been marked as Government's Exhibit 850 in evidence, which is a loan filed with the National Bank of North America on the vessel Aris and to a particular portion of that file which is a tanker time charter party dated November 16, 1971. Do you see that, sir?

A Yes,sir.

Q Is this the charter submitted to the bank on the vessel Aris?

A Yes, sir.

Q What is the term of that charter?

A 60 months, one month more or less in charterer's

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option.

Q Was it on the basis of that charter that the bank approved the loan on the Aris?

A Yes, sir.

Q If at the closing you had learned that the actual charter was only for a period of 36 months, what if anything would you have done?

MR. SPRIZZO: Objection, your Honor. Speculation.

THE COURT: Sustained. Would you have closed if it was not for five years or more?

THE WITNESS: No, I would not.

MR. SPRIZZO: Same objection to your Honor's question.

THE COURT: That's overruled.

MR. MARMARO: At this time, your Honor, I would like to read a stipulation, which is Government's Exhibit 950 in evidence.

(Mr. Marmaro read to the jury from Government's Exhibit 950 in evidence.)

Q Mr. Teiman, directing your attention to Government's Exhibits 961-A, 961-B, and 302 I ask you if you can identify these items?

A 302 is the stock book of Southeast Tanker Company Limited. 961-B is the stock book of Pisces Navigation

Corporation. And 961-A is the stock book of Aries Navigation Corporation.

Q Mr. Teiman, did you ever have custody of these records?

A My firm had custody of the records, yes.

Q Did you personally ever come into custody?

A Yes, I was given these by an associate of my firm and I delivered them to your office.

Q What ships do Aries Navigation Company and Pisces Navigation Company own?

A Aries was the Tropis; Pisces was the Tekton.

Q What about Southeast Tankers?

A Aquario.

MR. MARMARO: Your Honor, I would like to read a brief entry in two of these exhibits. These are stock record books and they have stock certificates and receipts for certificates which have been removed. In the Aries book the only certificate that is removed is certificate number 1 which says 500 shares issued to Galazy Steamship Corporation, dated September 15, 1970.

Exhibit 961-B is a similar book for Pisces Navigation Corporation. It has stock certificates and receipts for certificates that have been removed. The only certificate removed is also certificate number 1 and

it says 500 shares issued to Galaxy Steamship Corporation, September 15, 1970.

Q Mr. Teiman, are you familiar with Galaxy Steamship Corporation?

A I believe Galaxy Steamship Corporation was a subsidiary of Tidal Marine.

MR. MARMARO: I have nothing further on direct, your Honor.

CROSS EXAMINATION

BY MR. SPRIZZO:

Q Mr. Teiman, how long have you been an attorney?

A Since 1963-- I was admitted in 1963 but I joined the law firm in 1962.

Q Has most of your experience been in connection with admiralty matters or shipping finance matters?

A No, sir.

Q What portion of your practice is devoted to that?

A Currently or -- right now?

Q Within the last three or four years.

A Within the last three or four years a hundred percent of my time was on it.

Q The National Bank of North America is one of the principal clients of your firm; is that right?

A Yes, sir.

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Q I take it during the course of your experience as an attorney you have attended a rather large number of closings of the type described in this case?

A Yes.

Q Isn't it true that with respect to a closing of the type described where you have a borrower, a seller, a purchaser and bank which is financing the transaction, that the bank looks to its own attorney to protect its own interest; is that correct?

A Yes, sir.

Q In other words, you have the responsibility when you represent the bank to look out for the interests of the bank; correct?

A Yes, sir.

Q Isn't it also true that you rely upon the bank for the information you receive in connection with the closing?

A That is in part true. I also receive information from the borrower.

Q No, but to some extent, to a large extent you do rely upon the bank?

A Yes.

Q Are you retained in connection with a particular closing by the bank on a case by case basis?

A Are we talking about generally or are we talking about a particular--

Q In connection with the closings you handled in this case.

A It was on a case by case basis.

Q In other words, the bank would call you up and say "We have a closing we want you to handle"?

A Yes.

Q Is that done usually as a matter of practice after the bank has already decided to make the loan?

A I think it would vary. The Loan Committee approves the loan. It may well be you get the phone call before it goes to the Committee or it may be that you get it after it went to the Committee.

Q But you get it usually --

A Around the time that the loan has been approved.

Q Usually, will you take time after the loan fact sheet has been prepared?

A Yes.

Q Would it be fair to say in the average case the lawyer for the bank comes into the situation after the loan fact sheet has been prepared?

A I think that's correct.

Q And the loan fact sheet contains the details of the financial situation, the income and the operating profits and charter parties, etc., is that correct? The basis upon which the loan is going to be made by the bank?

A Yes, it is an outline of facts, yes.

Q Do you consider it part of your responsibility as

an attorney for the bank to verify or conduct an independent investigation into the validity of the charter?

A No, sir.

Q You assume, I take it, as an attorney, that the bank officers have responsibility for doing that?

A It is a difficult question to answer. I assumed that to the extent that they weren't doing any verification that they were in effect relying on the integrity and reputation of their customer?

Q But you do not, even though you are charged with the responsibility of protecting the interest of the bank at the closing, you do not deem it part of your responsibility to verify the validity of the charter?

A That's right.

Q In that connection --

A Excuse me. I say by validity, the genuineness.

Q Exactly.

A Right.

Q You have been shown some charters here today which were supposed to be for five years which turns out according to the documents the government has offered, are for three years, right?

A Yes.

Q You don't say it is part of your responsibility

to call up the charterer and say "Is your charter for three years rather than five years"?

A No, sir.

Q In that connection, in the course of your experience, have you encountered the situation in other cases or is this situation unique?

A What situation?

Q The situation of having a charter presented at a closing which has in effect been raised or is fictitious or false or fraudulent in some way?

A I haven't heard of any other situations.

Q You at one time did represent Tidal Marine, is that correct?

A My law firm did, yes.

Q You did not personally?

A No.

Q And I believe that in connection with some of these transactions, that gave you a problem as to whether or not there was a conflict of interest in representing the bank on some of these?

A Yes, indeed.

Q On this Axis loan that you testified about on direct examination, it was guaranteed by Tidal Marine, is that correct?

A Yes.

Q And that I assume is because Tidal marine had some significant participation in the ships even after they were sold?

A No, because Tidal Marine was going to continue to manage the ship.

Q They had an interest at least in the management of the ships, is that correct?

A Well, they were the managers of the ships.

Q Were they being paid for that?

A Presumably they were being paid by Spartan Pride.

Q Whose idea was it to get the guarantee of Tidal Marine, do you recall?

A I wasn't involved in any discussions as to which guarantees were to be obtained.

Q Who was that handled by?

A That would have been handled by the lending officers of the bank.

Q Ir connection with this transaction, who was that?

A That would have been Mr. Spartalis and Mr. Shevlin

Q I think you testified that Mr. Hanlon represented the Tidal Marine Corporation?

A Leo Navigation, yes.

Q The Tidal subsidiary.

You do not deem it part of your responsibility, I take it, as an attorney of the representative bank, to second guess the credit judgment made by the bank officer?

A That's correct.

THE COURT: You have asked that question now in three forms.

MR. SPRIZZO: No, that is not the question asked, your Honor, with all due respect.

Q The credit judgment of the bank officer, is that correct?

A That's correct.

Q In fact, on one occasion in connection with your representation of the bank in connection with some Tidal ships, you had a conversation with one of the bank officers about this, and they told you it was none of your business, isn't that in effect the truth?

A Yes. I think it was this ship.

Q It was this ship.

A I think so, yes.

Q Was this the ship where there was a delay in the delivery of the charter?

A I think this ship was not supposed to go on charter until after the closing, at some point after the

closing.

Q Was there a delay in the delivery of the charter or was the charter there at the closing?

A I'm sorry. The charter party itself was at the closing. I thought you were talking about the delivery of the ship under the charter.

No, the charter party was present at the closing.

Q But you had some question as to whether or not the bank's credit vis-a-vis these Tidal transactions was really a wise credit judgment, is that fair?

A No, I don't think that is a fair characterization.

Q But you did discuss it with them?

A I expressed curiosity as to why they were doing a second transaction on the strength of Panayotopulos' guarantee in view of the fact that he had no experience in shipping, that's all. And I think --

Q What did they tell you?

A They suggested that I confine my attention to legal matters.

Q Was it clear to you that in dealing with the Panayotopulos transactions that the bank was basically looking to the strength of Mr. Panayotopulos' guarantee?

A I think the bank was looking to the ship, the

charterer, and to Panayotopulos' guarantee.

Q Wasn't there a question of, in one of these Panayotopulos transactions, of a telex being sent which said the charter --

A The Aris. There was a telex sent which indicated that the charterer had agreed to change -- consented to change of ownership. That was the telex.

Q You spoke to Mr. Spartalis about that because you thought that maybe the closing should be delayed until you had that consent in hand?

A Yes.

Q And do you recall that Mr. Spartalis telling you "It's okay to go ahead with the closing because after all, we are looking primarily to Mr. Panayotopulos' guarantee"?

A I don't think he said "primarily." He said, "We are looking to Panayotopulos' guarantee. Explain it to Panayotopulos and make sure he understands that in the event we do not get the consent, then there is no charter and we are going to look to him on his guarantee."

Q Just to refresh your recollection, do you recall being asked this question, before the grand jury --

A Yes, sir.

Q Excuse me?

A Yes, sir.

Q And giving this answer:

"Q What was the discussion about the problem? I assume the problem that even a reliable, outstanding charter broker could be double-crossed?

"A That's right. I called Mr. Spartalis and reported what Mr. Pinter had found. I pointed out to Mr. Spartalis that notwithstanding the telex that the charterer company declined to sign the consent to change of ownership and that the prudent thing to do would be to postpone the closing until we had the consent to change of ownership.

"Mr. Spartalis felt I was being over cautious, we ought to proceed on the basis of the telex and that I ought to call Mr. Panayotopulos, explain the situation to Mr. Panayotopulos, and since Mr. Spartalis was looking primarily to the guarantee of Mr. Panayotopulos, that Mr. Panayotopulos was willing to go ahead and Mr. Spartalis was willing to go ahead."

Do you recall that testimony?

A Yes.

Q And that testimony was true at the time you gave it?

A Yes, sir.

Q Does that refresh your recollection as to your conversation with Mr. Spartalis?

A I thought this was in substance the same thing I just testified to.

Q But you did say in your testimony that Mr. Spartalis was looking primarily to the guarantee?

A I did say "primarily" yes.

Q Is it an unusual thing or a suspicious circumstance that all the documents are not present at the closing at the time a closing takes place?

A No, sir.

Q In other words, it frequently happens in the course of your business as an attorney that all the documents that are supposed to be at a closing are not there and the parties go ahead anyway?

A That's right.

Q Did you ever on behalf of the National Bank of North America make a request of the United States Attorney's office that Mr. Scufalos not be indicted?

MR. MARMARO: Objection.

THE COURT: I am going to let him answer that question and charge accordingly. Go ahead.

A In February of 1973 Mr. Doria, my partner and I met with John Gorgan,and we expressed our concern. We were under the impression that indictments in the Tidal Marine matter were imminent and that we had worked out an arrangement with Mr. Scufalos where he was making restitution to the bank and we were concerned about the impact of Mr. Scufalos' indictment upon his efforts to make restitution.

THE COURT: He was indicted anyway, wasn't he?

THE WITNESS: Yes, sir.

Q Just one or two more questions.

There did come a time when the Tidal situation started to fall apart, is that correct?

A I'm not sure what --

Q There did come a time when Tidal was not meeting its obligations and it looked as though the situation was deteriorating?

A Yes.

Q During that period of time, did you not then find

out for the first time that sometime in February, March of '72, there had been a problem with the Tachys charter?

A Yes, indeed.

Q Did you not find out at that time that the bank officers, at least Mr. Spartalis, knew that there was a proble with the Tachys charter?

A I was told in July of '72 around the time Tidal Marine was falling apart, that in March of '72 Mr. Spartalis had found out there was a problem with the Tachys charter, the fact that there was no charter.

Q I take it you and the senior officers of the bank were quite upset that you had not been told?

A Yes, sir.

MR. SPRIZZO: I have no other questions.

THE COURT: Anything else?

MR. MARMARO: Yes, briefly.

REDIRECT EXAMINATION

BY MR. MARMARO:

Q Mr. Teiman, you testified when you first were retained by the bank you received a loan fact sheet?

A Yes.

Q That contains the basic components of the deal?

A Yes.

Q Such as charter, mortgages and guarantees?

A Right.

Q If at the closing those basic components were different, that is the charter term was different, guarantees were different, would you go ahead and close the loan?

A No, sir.

Q Mr. Teiman, you testified that your firm had done some legal work for Tidal Marine and that therefore you had a conflict because of your representation of the bank, is that correct?

MR. SPRIZZO: Objection, your Honor.

THE COURT: He didn't say he had a conflict. On prior occasions their firm had done some legal work for that particular company.

Q Did there come a time when you stopped doing legal work for Tidal Marine?

A I believe the firm stopped some time in either March or April of '72.

MR. MARMARO: I have nothing further, your Honor.

THE COURT: Thank you, you may step down.

(Witness excused.)

THE COURT: Next witness.

MR. MARMARO: Joseph Peter Flemming.

JOSEPH PETER FLEMMING, called as a witness on behalf of the government, having first been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. MARMARO:

Q Mr. Flemming, how are you employed?

A I am a lawyer.

Q With what firm?

A With Flemming & Zulack.

Q Is that here in New York City?

A That is in Manhattan.

Q For how long have you been practicing law?

A Since 1959.

Q And what is your field of specialty?

A Maritime law.

Q Have you ever done any legal work for the National Bank of North America?

A Yes, I have.

Q Have you ever worked on their ship financings?

A Yes.

Q How would you be retained by the bank for ship financing?

A The lending officer would advise me of the proposed loan and the retainment.

Q What documents would he send you?

A He would send what they call an offering sheet.

Q What would the offering sheet contain?

A It would contain the essential terminology, terms of the loan, the identify of the borrower and the amoun of the loan and the terms of the loan.

Q What if anything would you do after you received this document?

A I or we would prepare certain papers which were necessary for the loan closing, consisting of a loan agreement, a note or notes, mortgage assignments and other such pertinent documents.

Q What would you do with these agreements once you prepared them?

A Normally, we would furnish copies to the bank and copies to the borrower.

Q Would you deal with attorneys of the borrower?

A Normally we would deal with the attorneys for the borrowers.

Q Would you furnish them copies?

A That's correct.

Q Would you have discussion with borrower's counsel.

A Normally we would.

Q What would these discussions center around?

A The contents of the documents we had prepared and submitted, and the other terms of the pending transaction

Q Have you ever represented the bank, that is, the National Bank of North America, in any transactions which involved a company called Tidal Marine International or any of its subsidiaries?

A Yes, I have.

Q What do you understand Tidal Marine to be?

A A Delaware corporation which owns or owned a number of shipping corporations.

Q What would the business of each of these individual shipping corporations be?

A Ownership and operator.

Q Were you involved in a transaction relating to a vessel named the Marilion?

A Yes, I was.

Q When was that?

A In February 1971.

Q How did you become to be involved in that transaction?

A I was called by Cole & Dietz who were general counsel to the bank to ask to fill in for them in respect to this particular closing.

Q What was the nature of the transaction on the

Marilion?

A It was a loan to be given to the Marilion Company whatever it was called, in connection with the purchase of the vessel which was called the Marilion, and it also pertained to three other sister vessels which had already been purchased as a part of this particular continuing transaction

Q Would that be the Kyrilion, Ilion and Harilion?

A That is correct.

Q Who was representing the various parties to this transaction?

A Mr. James Hanlon represented the borrowing company, I represented the National Bank of North America at this particular closing. Constantine Matheos served as special Greek counsel to us.

Q By "us" you mean the bank?

A The bank.

Q Do you see Mr. Hanlon in this courtroom?

A Yes, I do.

Q Would you please point him out?

A He is sitting at the table next to Mr. Naslas.

Q Would you describe what he is wearing?

A He is wearing a striped shirt.

MR. MARMARO: May the record reflect the witness has identified Mr. Hanlon, your Honor.

Q Were you retained by the National Bank of North America in connection with a transaction relating to a vessel named the Tagma?

A Yes, I was.

Q When was that?

A In April '71.

Q What if anything did you do in connection with this financing?

A I was counsel to the bank and as such, prepared the loan documents in the fashion described before.

Q Who was the borrower on this transaction?

A A company called Betelgeuse Navigation Corporation or Corp.

Q What was Betelgeuse Navigation Corp.?

A It was a Tidal Marine subsidiary.

Q Was Tidal Marine represented by counsel in this transaction?

A Yes.

Betelgeuse was represented by counsel and I presume he also represented Tidal.

Q Who was that?

A Mr. Hanlon.

Q Did there come a time when various documents for this loan were signed?

A Yes.

Q When was that?

A The closing took place on April 26th, but we met on April 23rd to review the documents.

Q Who is "we"?

A I for the bank, Mr. John Shevlin for the bank, Mr. Naslas, Mr. Hanlon and Mr. Hanges, I believe.

Q Do you see Mr. Naslas in this courtroom?

A Yes, he is next to Mr. Hanlon.

Q What if anything happened at the time of this meeting at which you signed documents?

A Something that was pertinent was that the loan agreement was amended or interlineated to reflect that the selling company would be a Derwent Shipping Company, or something of that sort, instead of a French company.

Q Do you recall the name of the French company?

A Something like Cio Navale Des Petroles.

Q Why was this exchange necessary in the loan agreement?

A Because I had theretofore assumed --

MR. FLEMING: I take it, your Honor, this is a conversation that is being elicited?

THE COURT: He is asking for a legal statement of the reasons for the necessity. What was the necessity?

MR. FLEMING: I object to it on that basis, your Honor.

THE COURT: Overruled. What was the necessity for this, if any?

THE WITNESS: We simply had to conform the documents to the state of facts which I had not theretofore understood.

Q Did you have any conversations with Mr. Hanlon about this?

A Yes, we conversed about this subject.

Q What if anything did he say to you?

A The most that I can recall is that the state of facts that we were -- that the state of facts was as we were going to make the loan agreement, namely, there were two sales back to back. One from Cio Petroles to Derwent and one from Derwent to Betelgeuse.

Q So the seller was to be Derwent?

A Betelgeuse is Derwent, yes.

Q What if anything did you do when you found out about this?

A I discussed it with Mr. Shevlin.

Q What if anything did he say?

A I'm not sure I remember what he said.

Q Did you go ahead and continue signing documents?

A Well, he conferred with a senior officer at the bank at that time by telephone.

Q And as a result of that conference, did you just continue proceeding with him?

A Thereafter we proceeded yes.

MR. MARMARO: With the Court's permission, I would like to read parts of two documents that are contained in Government's Exhibit 264 in evidence, which is a loan filed from Betelgeuse Navigation Corporation relating to the Tagma, National Bank of America loan file.

The first document is a bill of sale. It is from Campagnie Navale Des Petroles and it is on the vessel Ninive in the amount of $3,605,000 and it is dated April 19th.

Q What do you understand the vessel Ninive to be?

A That is the vessel in question.

Q Was the name changed?

A That's correct.

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MR. MARMARO: The purchaser is said to be Derwente Limited.

The second, in this case it is Derwente Company Limited, the purchaser is Betelgeuse Navigation Corporation and the purchaseprice $5,000,000. This is dated April 21, 1971.

Q Did this loan close, sir?

A Yes, it did.

Q Were you present at closing?

A Yes, I was.

Q You testified that was on April 26, 1971?

A Yes.

Q Where was the closing held?

A At the office of the Greek Harbor Master, which is the office of the Greek government in New York City.

Q Who else was present?

A Mr. Shevlin, Mr. Naslas, Mr. Hangees and Mr. Hanlon, to the best of my recollection.

Q What if anything happened at closing?

A There were telephone calls placed to one or more cities overseas to reflect the registration or delivery of the bills of sale, the registration of the vessel, and the payment and release of the moneys for the purchase price of the vessel.

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Q Did you have any conversations concerning charter party of the vessel?

A Yes, I did.

Q With whom?

A I had one conversation with a Mr. Robert Stiff.

Q As a result of your conversation with Mr. Stiff, what if anything did you do?

A I then conversed with Mr. Shevlin.

Q What if anything did you say to Mr. Shevlin?

A I told Mr. Shevlin that Mr. Stiff had told me on that telephone call that informants of his at the Amoc Oil Company did not believe there was a fixture for that particular vessel.

Q What do you mean by fixture for that vessel?

A A contracted charter party.

Q Who else was present when you told Mr. Shevlin this?

A I don't believe there was anybody present at the time I told Mr. Shevlin.

Q What if anything did Mr. Shevlin do?

A Very shortly thereafter, we all had a conversation on that subject. That is to say, Mr. Shevlin, Mr. Naslas and myself.

Q What was said and by whom?

A To my recollection, Mr. Shevlin told Mr. Naslas and Mr. Hanlon of this information or this report, and asked what it was all about.

Q What if anything else was said?

A And Mr. Naslas said something to the effect it must be a mistake and he would get to the bottom of it right away.

Q After the closing on this loan, did you have any other professional dealings with the Tama or concerning the vessel Tama?

A Yes.

Q What were they?

A Towards the end of May, negotiations had been going on between the bank and Tidal, and towards the end of May a proposal was made and agreed to by the bank to have another ship owning company owned by Tidal, which owned another ship, take over in effect the loan to Betelgeuse and that went through several phases and then eventually did not transpire in that form.

Q Whom did you have contact with in connection with these negotiations for the substitution?

A I would have contact with the officers of the bank and then with Mr. Hanlon.

Q How was this matter ultimately resolved?

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A As I say, this particular concept did not come to fruition, the one where this company would take over this particular loan. However, in September of that year, another Tidal Company by the name of Denev Navigation Corp. did borrow $4,000,000 or thereabouts from the bank, at which time the then balance of the Betelgeuse loan was paid off.

Q Were you present at the closing of the Tekton?

A Yes.

Q Who else was present?

A Mr. Hanlon and Mr. Naslas, as I recall, and Mr. Shevlin.

Q Were you retained in connection with the closing of the vessel Aris?

A I was.

Q Whom were you retained by? A. A corporation known as Spartan Pride Shipping Company Ltd., if I can recall correctly.

Q Who was the principal of Spartan Pride?

A Mr. Michael Panayotopulos.

Q When were you retained?

A In and about December 15th or 20th, 1971.

Q What was the nature of this transaction?

A Mr. Panayotopulos or companies of which he would

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be the principal would activate the corporation, Spartan Pride, which had not previously done any business, and with that corporation purchased from a Tidal Marine subsidiary the vessel Aris, and in that connection National Bank would lend Spartan Pride a certain amount of money with which to finance this purchase?

Q So in this transaction you were in essence representing the borrower?

A That's correct.

Q Was the Aris said to be chartered?

A Yes.

Q What was the term of the charter?

A There was a charter which was then in existence, to terminate shortly within a matter of several months to Standard Tankers of Bahamas or some such name. And then there was to be a five-year charter after the conclusion of the previous charter of that vessel to a German company called Wintershall, G.M.B.H., perhaps.

Q I take it their loan closed?

A Yes.

Q Closed on the basis of the five-year charter?

A Yes.

Q Were you retained in connection with the transaction involving a vessel named Tachys?

A Yes, I was.

Q When was that?

A February, 1972.

Q Whom were you retained by?

A Spartan Endeavor Shipping Company, similarly owned or to be owned by Mr. Panayotopulos or a company of which he would be the principal.

Q What was the nature of this transaction?

A More or less similar to the one we have just described, namely, a purchase by Spartan Endeavor from a Tidal Marine subsidiary of a vessel named Tachys and a financing loan from National Bank of North America.

Q What did you understand the purchase price of the Tachys to be?

A I was first advised it was five and a half million dollars.

Q By whom?

A Mr. Panayotopulos.

Q Were you subsequently advised by anybody else that the price was to be something other than five and a half million dollars?

A Yes. Mr. Shevlin so advised me.

Q Who did you deal with in connection with this transaction?

A Mr. Panayotopulos on our side, Mr. Pat Martin, a lawyer for National Bank and Mr. Hanlon for the selling company.

Q What was the financial structure of this transaction? What was the bank's security?

A The bank was to obtain a first mortgage on the Tachys and a second mortgage on the Aris and an assignment of a time charter on the Tachys.

Q To whom was the Tachys supposed to be on time charter?

A B.P. Tankers.

Q What was the term of this charter supposed to be?

A I believe it was to be five years.

Q Did this transaction ultimately close?

A Yes.

Q When was that?

A On February 4, 1972.

Q Was the money actually released on that day?

A The money wasn't released until February the 8th.

Q What was the delay due to?

A There was an existing mortgage on the vessel which had to be released by a third party, another bank and certain papers had to be filed and drawn up and registered in Athens, Greece, and that wasn't concluded until

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the 8th.

Q Directing your attention to the closing on February 4th, were you present?

A Yes.

Q Who, if anyone else, was present?

A Those that I can remember were Mr. Shevlin, Mr. Martin, Mr. Hanlon, Mr. Naslas, Mr. Panayotopulos.

Q I show you what has been marked as Government's Exhibit 256 in evidence and ask you if you can identify it.

A Yes. This is a document from my files.

MR. MARMARO: With the Court's permission, I would like to read this document to the jury.

THE COURT: Yes.

(Government's Exhibit 256 was read to the jury.)

Q Mr. Flemming, you drafted this instrument?

A Yes, I did.

Q What did you do with it after you drafted it?

A I gave it to Mr. Hanlon.

Q What did you give it to him for?

A In order for him to obtain signatures on it.

Q I show you what has been marked as Government's Exhibit 254 and Government Exhibit 255 in evidence and ask you if you can recognize these documents?

A I do.

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Q From whom did you receive those documents?

A From Mr. Hanlon.

Q Did you receive these documents prior to the closing on the Tachys loan?

A Prior to the final closing on February 8th.

Q So prior to the time the moneys had been released?

A Correct.

Q Had you not received these documents, what would your position have been?

A They were conditioned to our proceeding.

MR. MARMARO: May I read these documents to the jury, your Honor?

THE COURT: Yes.

(Government Exhibits 254 and 255 read to the jury.)

Q I want to draw your attention to this. What was the charter party tendered in connection with this?

A It was a Xeroxed copy of a charter purporting to be with B.P. Tankers.

Q Was that the only charter tendered in connection with this deal?

A That's right.

Q Is that the charter to which this certificate relates?

A That's right.

Q What was the period of the charter to be?

A I believe it was five years.

MR. MARMARO: I would like to read Government's Exhibit 254. This is also a letter dated February 7,1972, to Mr. Michael A. Panayotopulos, Harbor Road, Sands Point, New York.

Mr. Marmaro read to the jury from Government's Exhibit 254.)

Q Were these two documents, that is 254 and 255, received by you as a response to the certificate you had given to Mr. Hanlon?

A Yes, they were.

Q Were you retained in connection with the loan on a vessel named the Aquario?

A Yes, I was.

Q By whom were you retained?

A By National Bank.

Q Of North America?

A Of North America, yes.

Q When was that?

A Either late January or early February, 1972.

Q In what connection had you been retained?

A As counsel to the bank to prepare the loan document

elh 2 Flemming-direct

Q The loan documents in connection with the Aquario?

A Correct.

Q What was the nature of this transaction?

A This was a loan of one and a half million dollars against a first mortgage and an assignment of charter with respect to this vessl Aquario.

Q What was the bank security to be in connection with this transaction?

A A first mortgage on this vessel and an assignment of this charter and to the best of my recollection third mortgages on two other vessels, the Marilion and Ilion, or two of those four vessels, anyway.

Q Who was the vessel on charter to?

A To something like Shell of Venezuela, or Shell Oil Company of Venezuela; something like that.

Q What was the term of the charter represented to be?

A I believe it was a three and a half year charter, some part of which had already been used up.

Q Was Southeast Tankers represented by counsel?

A Yes.

Q Who was that attorney?

A Mr. Hanlon.

Q In preparation for this transaction what if

elh 3 Flemming-direct

anything did you do?

A I drew the loan agreement, the mortgage, the third mortgages I described, the assignment of charter, and other relevant loan documents.

Q In connection with this transaction did you have occasion to contact Mr. Hanlon?

A Yes.

Q I want to direct your attention to Government's Exhibit 42 in evidence and to a loan agreement contained in that document.

A Yes.

Q Does that loan agreement contain any representation as to the time of the charter?

A Yes, it does.

Q Is that written in in handwriting?

A No, it's not.

Q The name of the charterer is written in in handwriting. Is that your handwriting, sir?

A Yes, it is.

Q From whom did you obtain the information as to the name and term of the charter?

A From Mr. Hanlon, to the best of my recollection.

Q Had you asked Mr. Hanlon to supply you with such information?

A Yes, I had.

MR. MARMARO: I would like to read a portion of this loan agreement to the jury, your Honor. It is in paragraph G of a loan agreement between National Bank of North America to Southeast Tankers. It is dated February 11, 1972.

(Mr. Marmaro read to the jury from Government's Exhibit 42 in evidence.)

Q I want to direct your attention to another portion of this exhibit, which is the loan file from the bank on this vessel, to a certificate which says, "President's Certificate" and to a charter which is attached to that certificate.

Is that the charter which was presented in connection with the closing on this loan?

A Yes, that's correct.

Q Who submitted this charter to the bank in connection with this closing?

A Mr. Hanlon.

MR. MARMARO: This is a time charter party on the vessel Aquario, parties which are said to be Compania Shell de Venezuela. The term is said to be six years and six months.

Q Do you recall the loan agreement that I directed

your attention to a few moments ago?

A Yes.

Q Was that loan agreement delivered to the bank in connection with the closing?

A Yes.

Q Who delivered it to the bank?

A It was part of the closing. It was signed at the closing.

Q And it was a condition to closing that that agreement be signed, is that correct?

A That's correct.

MR. MARMARO: Nothing further on direct, your Honor.

THE COURT: Mr. Fleming?

MR. FLEMING: May I send your Honor a note?

THE COURT: Yes.

(Pause.)

THE COURT: We will recess at this time until tomorrow morning at 10:15. There are some other matters to be taken care of in other directions, other cases. I suggest that although you may be wondering the direction in which the case is going, keep an open mind, take it all in, and we will see if it is connected up at the end. You may be excused.

(Jury left the courtroom.)

THE COURT: Mr. Glekel, I am a little disturbed that we have had to recess here and to recall this witness tomorrow instead of meeting with him today, and I did that because Mr. Fleming represents that he received the Jencks material only this morning.

MR. GLEKEL: That is true, your Honor.

THE COURT: He said he didn't have time to analyze it.

MR. GLEKEL: He received it before the beginning of court this morning. I should add, there is no grand jury testimony.

THE COURT: In a matter of this kind I suggest to you that there should be a longer lead time on the Jencks material because I don't propose to carry this case into the summer.

MR. GLEKEL: Very well.

THE COURT: Just remember what date the summer starts on. I expect that tomorrow we will sit late to get some more of this record completed, and program your witnesses accordingly.

MR. GLEKEL: Fine.

THE COURT: Good night.

(Adjourned to June 4, 1976 at 10:15 a.m.)

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UNITED STATES OF AMERICA,

v. 75 Cr. 515

JAMES D. HANLON, COSTAS NASLAS
and PAUL KATRITSIS

New York, New York
June 4, 1976 - 10:25 a.m.

- - -

(In open court - jury present.)

THE COURT: Is there any cross examination of this witness?

MR. FLEMING: Yes, there is, your Honor.

J O S E P H P E T E R F L E M M I N G, resumed.

CROSS EXAMINATION

BY MR. FLEMING:

Q Mr. Flemming, my name is Peter Fleming, too. You have two "M"s in your name, is that correct?

A That's correct.

Q And we are not related?

A That is correct.

Q You testified yesterday about representing the National Bank of North America in connection with certain ship loan transactions, is that correct?

A Yes.

Q Did you represent the bank on some of the earlier

loans made by the bank to Tidal Marine Companies?

A Yes, I did.

Q Did you come to know Gregory Spartalis?

A Yes, I did.

Q Did you come to know John Shevlin?

A Yes.

Q Did you come to know Joseph Metzger?

A Yes.

Q Am I correct, however, that you knew Shevlin and Spartalis principally in connection with Tidal loans?

A That is correct.

Q And Metzger in connection with other transactions?

A Correct.

Q Those three men together with a man named Heine, formed a Ship Loan Department at the National Bank of North America?

A Yes.

Q Did Spartalis strike you as a wheeler-dealer?

A I'm sorry?

MR. MARMARO: Objection.

THE COURT: Sustained.

Q Did you form an early opinion of Spartalis?

MR. MARMARO: Objection.

THE COURT: Sustained.

MR. FLEMING: Form, your Honor?

THE COURT: It is a meaningless question. What's the difference between an early and a late opinion?

MR. FLEMING: May I ask him if --

THE COURT: You just ask him the questions.

Q Did you form an opinion of Spartalis?

THE COURT: An opinion on what subject?

MR. FLEMING: As to his character.

MR. MARMARO: Objection.

THE COURT: You may answer that. Did you form an opinion as to his character?

THE WITNESS: I have an opinion.

THE COURT: He asked you whether you formed an opinion at the time or whether you paid no attention to it.

THE WITNESS: I had an opinion of Mr. Spartalis.

Q What was that opinion?

A That he was a very salesman type, I think wheeler-dealer, as you describe it, is a fair description.

Q Aggressive?

A Yes.

Q Aggressive in business?

A Yes.

Q By the way, as the attorney for the bank in these various matters, did you consider it any part of your

obligation to check out the genuineness of any charter submitted as collateral on a loan?

A To a degree.

Q Was it your practice to check out charters and genuineness of the charters when you represent the bank's interests in these loans?

A No.

Q Had you known a man named Michael Blonsky?

A I know the name.

Q Did you know him to be a Tidal Marine employee?

A Not at these times.

Q When did you first hear of Blonsky's name?

A The first I heard of it, to recognize it as a distinct name, was after these cases came to light.

Q You testified yesterday about representing the bank in connection with the purchase by Tidal Marine of a ship which was known as the Betelgeuse, I think and which became the Tama.

A The name became Tama and the Betelgeuse was the company.

Q The vessel became the Tama.

Do you recall receiving a copy of a fixture note from London?

A Yes.

Q From Interocean Brokerage Limited?

A Correct, I do.

Q Signed by Michael Blonsky?

A Yes, I know it to be signed by Michael Blonsky.

Q So it was back then in the spring of 1971 that you first saw Blonsky's name?

A That is correct.

Q And that was in connection with Interocean Brokerage Limited?

A That's correct.

Q A London organization?

A That's correct.

Q Did you come to know Ion Livas?

A I have met him.

Q Did you understand that Livas lived in London?

A Yes.

Q How often did you meet Livas here in the United States?

hph 2 Flemming-cross

A I believe once.

Q Did you also know Mr. Amanatides?

A Yes.

Q Did there come a time, to your knowledge, when Mr. Amanatides esentially took up residence in London?

A I don't know.

Q You testified yesterday about the closing of the purchase by Tidal through its subsidiary called Deneb of the vessel called Trechon, I believe.

A Yes.

Q When did that closing take place?

A September of 1971.

Q And that was a loan to a Tidal Marine subsidiary?

A That's correct.

Q Did anyone at the bank tell you in September of 1971 that in August of 1971 the shipping loan committee had decided not to extend any more credit to Tidal Marine?

A I don't recall any such statement.

Q There is no doubt in your mind, however, that in September, 1971, the bank did extend credit to Tidal Marine?

A That's correct.

Q You testified about the Tama closing and the concern about a charter.

hph 3 Flemming-cross

Am I correct that the Tama was, after that loan closing, the Tama was subsequently refinanced by Tidal Marine with another bank?

A I don't know that.

Q Did you testify yesterday that some of the proceeds of the loan to Deneb, to purchase the Trechon, was used to pay off the balance of the loan on the Tama?

A Yes.

Q And that was your understanding?

A Correct.

Q Am I correct that was a very small amount of money paid for that financing?

A Relatively speaking, yes.

Q The Deneb financing was not used in any major way to pay off the Tama obligation?

A So far as I can make out.

Q Just a small portion, is that correct?

A Yes.

Q There came a time when you met a Michael Panayotopulus?

A Yes.

Q And he was to become a borrower from the bank, is that correct?

A Companies of which he would be the principal, yes.

elh 1 Flemming-cross

Q Am I correct that Mr. Spartalis, the loan officer, called you and asked you to represent Panayotopulos, the borrower?

A He called me and asked if I would care to, yes.

Q He called you and asked -- he at the bank, the lending officer called you and asked you if you would care to represent a borrower named Panayotopulos?

A That's correct.

Q Was Mr. Spartalis in the habit of referring borrowers to you for representation?

A Not in the habit.

Q Am I correct that the interests of the borrower and the bank are adverse?

A Correct.

Q Did you find any conflict of interest in representing Mr. Panayotopulos upon the reference of Mr. Spartalis the banker?

A Yes, there is a conflict.

Q Mr. Panayotopulos waived that?

A May I elaborate, your Honor, or Mr. Fleming? The answer is yes to that.

Q Did Mr. Panayotopulos understand that and waive that, as far as you were concerned?

A That's correct.

elh 2 Flemming-cross

Q Did you represent Mr. Panayotopulos in connection with a purchase by one of his companies of the vessel Tachys?

A Yes.

Q From Tidal Marine?

A Yes.

Q Did you also represent him in connection with the purchase of the Aris, A-r-i-s?

A Yes.

Q And the Aris was purchased from Tidal Marine by a company owned by Spartalis called Spartan Pride Shippin Company; is that right?

A You misspoke yourself. Owned by Panayotopulos.

Q I'm sorry --

A You said Spartalis.

Q I'm sorry. Thank you.

A Which I believe even in that case was untrue.

Q Panayotopulos had this company Spartan Pride Shipping Company and Spartan Pride Shipping Company was the purchaser of the Aris; correct?

A Correct.

Q Did you testify yesterday that Paul Katritsis was the president of -- was appointed the president of Spartan Pride Shipping Company, Panayot-pulos' company?

A No, I didn't.

Q Did you testify that --

A I don't believe I did.

Q Did you testify that Katritsis held a position in Spartan Pride Shipping Company?

A I don't believe I did.

Q Did he?

A I don't believe we touched on that. That is the reason I am saying that.

Q Well, do you recall that Mr. Katritsis was made the president of Spartan Pride?

A Yes, I do.

Q And am I correct that that was done with Mr. Panayotopulos' permission and direction?

A Correct.

Q Mr. Panayotopulos did not want to be in the foreground and preferred to have other people named as officers?

A That's correct.

Q And there is nothing unusual about that, is there?

A There is nothing particularly unusual about that.

Q Well, in your experience don't people often act through nominees?

A That's correct. And they often don't. That is

elh 4 Flemming-cross

the only point I am making. It's not particularly unusual.

Q Sometimes they do and sometimes they don't?

A Yes.

Q Have you had a client who acted through a nominee other than Mr. Panayotopulos?

A Sure.

Q And Mr. Katritisis was Mr. Panayotopulos' nominee; is that right?

A Yes.

Q And he had authority from Mr. Panayotopulos to sign documents on behalf of Mr. Panayotopulos' company Spartan Pride Shipping Company?

A Yes, that's correct.

Q Going to the Tachys, am I correct that you understood originally that again Panayotopulos was to be the purchaser?

A The company of which he would be--

Q Yes, I'm sorry. I confuse that. And the company he used to purchase the Tachys was what?

A Spartan Endeavor.

Q By the way, in your experience there is nothing unusual about employing the corporation for the purpose of taking ownership of the ship, is there?

A Absolutely not.

elh 5 Flemming-cross

Q What happens is that the individual owns the shares of the corporation and through that, the ship?

A That's correct.

Q I guess that may create some kind of limited liability on the part of the individual?

A That's correct.

Q Was it your original understanding that the price that Panayotopulos or Spartan Endeavor, his company, was to pay for the Tachys was 5.5 million dollars?

A Yes.

Q And then were you subsequently informed, before the closing, that Panayotopulos would pay six million dollars for the vessel?

A Correct.

Q Did you testify yesterday that you were told that by Mr. Shevlin, the lending officer?

A I did.

Q Did you tell Mr. Panayotopulos?

A Yes.

Q And he knew it?

A He so -- it went through on that basis. He accepted it, yes.

Q Was it your impression that Mr. Shevlin had fixed what price Mr. Panayotopulos would pay for the ship?

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A That he had made it a condition that that be the price.

Q That Mr. Shevlin, the lending officer, had made it a condition that Panayotopulos pay six million dollars for the ship?

A Yes.

Q Is that correct?

A Correct.

Q And he had done that without discussing it with Panayotopulos?

A I don't know.

Q But in any event, you discussed it with Panayotopulos?

A Yes.

Q And Panayotopulos had no problem with that?

A Correct.

ellt 1 Flemming-cross

Q As a matter of fact, back on September 28, 1973, did you say that it was either Shevlin or Panayotopulos who had told you that the price was going to be $6,000,000?

A I don't recall. I might have.

(Defendant's Exhibit H was marked for identification.)

Q Would you just look at this portion of H for identification; read it to yourself, Mr. Flemming, please.

(Pause.)

A Yes.

Q Does that refresh your recollection that back in September, 1973, your recollection was that it was either Shevlin or Panayotopulos who had told you that the price of the Tachys would be $6,000,000?

A It does.

Q You testified also about representing the bank in connection with the Aquario?

A Yes.

Q Am I correct that you were retained for that purpose by Mr. Shevlin?

A Yes.

Q And did you deal with Mr. Shevlin on that transaction?

A As far as I recall, yes.

Q Would you have a recollection that it was someone else at the bank?

A I could have dealt with Spartalis, but it is most likely that it was Shevlin.

Q In other words, your recollection is somewhat vague on that? Your best recollection is that it was Shevlin, but it could have been Spartalis?

A That's right.

Q That was a $1,500,000 loan?

A Yes, it was.

Q The security was the vessel the Aquario, 1; a time charter from the Shell Oil Company, 2; and I think you testified a third preferred mortgage on some other ships?

A That's correct.

Q What were those other ships?

A Ilion and Marilion.

Q To your knowledge at that time the Shell Oil charter was a three and a half year charter, is that correct?

A Yes.

Q Did you testify yesterday that you obtained the name of the charter and the term of the charter from Mr. Hanlon?

A I did.

Q Do you recall when you obtained that information

from Mr. Hanlon? Was it before the closing or was it at the closing?

A As best I can put it or recall it, it was before the closing. The actual name may have been at the closing.

Q You mean it was half and half?

A That is as best as I can recall it, yes.

Q Is it your testimony that you contacted Mr. Hanlon and asked him about half of the information but not the other half?

MR. MARMARO: Objection.

THE COURT: The witness can handle that.

A That is not the testimony.

Q Oh, it's not.

Mr. Flemming, that is I guess the loan file, it is Government's Exhibit 42. I guess you were shown this yesterday. It is a President's Certificate, signed by A. Ion Livas as President of Southeast Tanker Company, is that right?

A That's correct.

Q Did he sign that in your presence?

A No.

Q He was in London, wasn't he?

A I don't know where he was.

Q Am I correct that this was attached to the

ellt 4 Flemming-cross

charter which was presented on the loan?

A That's correct.

Q And am I correct that Mr. Hanlon brought this President's Certificate attached to the charter to the closin

A That's correct.

Q Am I correct also that in the loan agreement as prepared when you took it to the closing, everything was typed out, three and a half year charter from Shell Oil Company, commencing -- I will withdraw that.

I better look at the loan agreement.

Is that in there too, Mr. Marmaro?

MR. MARMARO: Yes, Mr. Fleming.

(Pause.)

MR. FLEMING: The paragraph we are referring to is paragraph 1G, and it says in typewriting, "The vessel is performing that three and one-half year time charter of the vessel to Shell Oil Company," dated June 1, 1971. The Aquario charter performance under which charter commenced on. Is that correct?

A That's correct.

Q All that is in typewriting.

A That's correct.

Q That includes the term of the charter?

A That's correct.

Q It also includes the date of the charter?

A That is correct.

Q Am I correct that you made these ink changes at the closing?

A I believe I did.

THE COURT: Are they ink changes or additions?

THE WITNESS: They are both, your Honor.

Q And what you added was, you wrote in "CIA," C-I-A, and then left Shell in typewriting --

THE COURT: What does "CIA" mean? It means "company" doesn't it?

THE WITNESS: It is the foreign version of company, yes.

THE COURT: So what you were doing was merely filling out the rest of the name that was already on, is that right?

THE WITNESS: And slightly changing it. There is no "Oil" in the name. It was deleted. Venezuela was inserted, etc.

THE COURT: So you corrected the name.

Q You corrected the name as had been typed in your office, and you added, "August, 1971" as the date upon which performance of the charter had commenced?

A That's correct.

ellt 6 Flemming-cross

Q Going back to the interview, your interview on September 28, 1973, do you recall telling the FBI and I believe Mr. Gorgan, that that writing had been done at the closing?

A I don't have any recollection, but I am likely to have, yes.

Q Excuse me?

THE COURT: He says he is likely to have had. Let's move along, Mr. Fleming.

THE WITNESS: I have no specific recollection, but it is liekly that I did.

MR. FLEMING: I just have one more question, your Honor.

Q Am I correct that you were interviewed just recently, May 24, 1976?

A Recently, yes.

Q Was that by Mr. Glekel or Mr. Marmaro?

A Mr. Marmaro.

Q And you discussed the Aquario transaction?

A Yes.

Q And am I correct that at no place in that discussion did you tell Mr. Marmaro on May 24, 1976, that Mr. Hanlon had given you the term of the charter prior to the closing?

A We discussed that subject extensively. I don't recall whether that was stated in so many words one way or the other.

(Continued on the next page.)

hplt 1 Flemming-cross/redirect

MR. MARMARO: Your Honor, may I pass a note up, please, concerning this interview?

THE COURT: Let's see if there are any more questions about it.

MR. FLEMING: That's all I have.

THE COURT: Any redirect?

MR. MARMARO: Yes, sir.

REDIRECT EXAMINATION

BY MR. MARMARO:

Q Mr. Flemming, you testified you were present at closings on the Tama, the Marilion, the Aquario, Tachys, Aris and Trechon, is that correct, sir?

A Yes.

Q These were all closings involving Tidal Marine subsidiaries or companies you knew to be affiliated with Tidal Marine or people you knew to be affiliated with Tidal Marine in one manner or another?

A Yes.

Q At any of these closings was Mr. Ion Livas present?

A To the best of my knowledge, no.

Q At any of these closings, was Mr. Harry Amanatides present?

A To the best of my recollection, no.

Q You testified about the Aquario charter, is that correct?

A Yes.

Q I want to direct your attention back to Government's Exhibit 42 in evidence, which is a loan agreement Mr. Fleming was just questioning you on and direct your attention to paragraph 1G.

Does paragraph 1G discuss the terms of the charter?

A Yes.

Q This is the paragraph Mr. Fleming was just discussing with you.

Now, I want to direct your attention to Government's Exhibit 41 in evidence and to a letter date February 3, 1972.

Is that a letter that you wrote to Mr. Hanlon requesting certain information in connection with this closing?

A That is correct.

Q Among the information requested, did you include information on the charter?

A Paragraph 1G; yes.

Q So this letter specifically asks Mr. Hanlon to produce information to fill in to paragraph 1G of the loan

agreement, is that correct?

THE COURT: What is the exhibit number?

MR. MARMARO: I believe it is 41 in evidence, your Honor.

THE COURT: Mark that particular letter 41A.

(Government's Exhibit 41A was received in evidence.)

MR. MARMARO: I would like to read 41A, your Honor.

(Mr. Marmaro read from Government's Exhibit 41A in evidence to the jury.)

Q When you wrote this letter, Mr. Flemming, you were requesting the information in 1G of the loan agreement?

A Yes.

Q And as a result of your inquiries to Mr. Hanlon, 1G was completed?

A That is correct.

Q You testified that when you represent banks in ship financings to some extent you rely on the genuineness of charters, is that correct?

A I'm not sure, Mr. Marmaro, I had testified to that.

THE COURT: Never mind the characterization.

Q On whom do you rely on, on the genuineness of

the charter that is presented at closing?

A The customer, the borrower.

Q I want to direct your attention to just one more document, Mr. Flemming, and that is contained in Government's Exhibit 42 in evidence, which is the President's Certificate and charter.

This charter is on a form, is it not?

A That is correct.

Q Is that typical for ship financings to have charters on printed forms?

A That is correct.

Q The typical way these transactions are consummate are that these forms are filled in with certain specfics?

A That is correct.

Q And among those specifics would be the term of the charter?

A That is correct.

Q And the parties?

A That is correct.

Q And the duration, is that correct?

A The term and duration are the same, yes.

Q And the rate of the charter, is that right?

A That's right.

MR. MARMARO: Nothing further, your Honor.

RECROSS EXAMINATION

BY MR. FLEMING:

Q Mr. Flemming, you have just testified that you wrote a letter to Mr. Hanlon dated I believe February 3rd, in which you requested the information with regard to the charter, is that correct?

A That is correct.

Q Did Mr. Hanlon write you back giving you that information?

A Not to my knowledge.

Q Did he call you?

A I can't recall.

Q Isn't it a fact that all Mr. Hanlon did was bring to the closing the charter, with the Livas certificate on the top of it?

A In what respect? In connection with the information to paragraph G?

Q That's right.

A I don't believe so.

hph 1 Flemming-recross

Q What does that mean?

A The information was given to my office prior to the closing except I believe with respect to the commencement and perhaps the correct name of the charter.

Q Who was it given to?

A It was either given to me or an assistant in my office.

Q Do you have any recollection of it being given to you?

A I have no specific recollection.

Q What is the name of the assistant in your office who received it?

A It could have been my secretary, Mrs. Stevens.

Q Did you testify under oath in deposition, in a civil case, concerning these matters?

A I have testified, yes.

Q Did you testify on February 9th and February 10th, 1974, in connection with these matters?

A This winter. I don't know the dates.

Q Do you recall being asked these questions --

A I'm sorry. Did you say '74?

Q I did say '74.

A I think you meant '76, is that right?

Q I'm sorry, February 9th and 10th, 1976.

A Some time this winter.

THE COURT: The correct form would be: Were you asked this question and did you give this answer. Let's get down to form once in a while.

MR. FLEMMING: I'm sorry, your Honor, what form did I use?

THE COURT: You didn't use any form as yet.

Q Were you asked these questions and did you give these answers during your deposition under oath in connection with the Aquario transaction:

"Q In connection with the work that you performed on this transaction, did you or anyone acting on your behalf undertake an investigation of the -- to use the words of Exhibit 10 -- three-year time charter with Shell Oil Company?"

Exhibit 10 was the loan sheet, is that correct?

THE COURT: What was the answer to the question? You are reading one question. You can't interpolate a lot of other questions.

Q "Q In connection with the work that you performed on this transaction did you or anyone acting on your behalf undertake an investigation of the -- to use the words of Exhibit 10 -- three-year time charter with Shell Oil Company?"

hph 3 Flemming-recross

And your answer: "A We obtained certain documentation respecting that charter, yes.

"Q What was that documentation?

"A A copy of such a purported charter, a certificate from Livas representing that charter to be a true and correct charter."

Were you asked those questions and did you give those answers under oath?

A To the best of my recollection, yes.

Q And did you not under oath say that you had received information verbally from James Hanlon?

MR. MARMARO: Objection.

THE COURT: Sustained. The answer was as recited there.

Q That was your complete answer, was it not?

THE COURT: That was the answer to that question.

Q At any time during these 334 pages of examination, did you say under oath that Jim Hanlon had orally provided you with the term of the charter prior to closing?

MR. MARMARO: Objection.

THE COURT: Sustained.

It's very simple, Mr. Flemming. Was he asked that question. If he was, just read the question. Read him any question which says did Hanlon furnish you any

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information.

MR. FLEMING: I object to that, your Honor. He wasn't asked that. He was asked the question--

THE COURT: I heard the question that he was asked.

MR. FLEMING: This is the answer he gave.

THE COURT: He said he received documentation. Now you want to know whether he got oral information from Hanlon and you asked him whether in 334 pages there is anything about that. Show him the question and he can give the answer.

MR. FLEMING: That was the only question on the transaction.

THE COURT: If that was the only question, that explains it by itself.

MR. FLEMING: Did your Honor use the word "documentation" in the question?

THE COURT: Mr. Fleming, go on to your next question.

MR. FLEMING: I respectfully except.

I have nothing further.

MR. MARMARO: I have nothing further.

THE COURT: What are you excepting to? Write it out.

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THE COURT: Mr. Reporter, will you read the question that the attorney read to the witness from the transcript of February, 1976.

(Record read)

THE COURT: That's enough. Mr. Fleming apparently read "documentation."

Mr. Fleming, read it yourself and stop being confused about something that's on paper.

MR. FLEMING: Your Honor, I'm referring to this. May I just show you?

THE COURT: The reporter just read a question that you asked the witness. Read it to him again.

(Record read)

THE COURT: I think the jury has had this fully exposed now. Is there any other question that you want this witness to answer?

MR. MARMARO: Nothing from the government, your Honor.

THE COURT: Do you waive any further recross?

MR. FLEMING: I have no further questions, your Honor.

THE COURT: All right, step down.

Thank you very much.

(Witness excused)

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A MR. MARMARO: The government calls Patrick Martin.

P A T R I C K V. M A R T I N, called as a witness, having been duly sworn, testified as follows:

(Residence:338 High Street, Middlesex, New Jersey)

DIRECT EXAMINATION

BY MR. MARMARO:

Q Mr. Martin, how are you employed?

A I'm an attorney.

Q For how long have you been an attorney?

A 12 years.

Q Where do you practice law?

A In New York.

Q What is your field of specialty?

A Admiralty and maritime law.

Q With what firm are you associated?

A Poles, Tublin, Patestides & Stratachis.

Q Has your firm ever done any legal work for National Bank of North America?

A Yes.

Q Have you personally ever done legal work for them?

A Yes.

Q What type of work would that be?

A We were special admiralty counsel for the bank on various ship financings.

Q Directing your attention to December of 1971 were you retained by National Bank of North America to work on a ship financing?

A Yes, we were.

Q In connection with what vessels?

A The Tropis and Tekton.

Q Who from the bank contacted you?

A Mr. Metzger.

Q What if anything did he say when he contacted you?

A He, as is his usual practice, he called me on the phone and said the loan committee approved a transaction for Mark Scufalos to buy two tankers.

Q These tankers were the Tropis and Tekton?

A That is what they subsequently turned out to be, yes.

Q What if anything did you say to Mr. Metzger?

A I would say I would have to first check with my partners to make sure that we could handle the transaction. I called him back and told him that there would be no problem with us representing the bank.

I would have then asked him in general the nature of the transaction, what the loan committee approved, and

he told me that --

MR. SPRIZZO: I object to the testimony getting into the "would" form.

THE COURT: Sustained.

A As best I can recollect Mr. Metzger told me that Mr. Scufalos was buying two ships; that they would be owned by corporations that were to be formed and that the bank as security would take preferred mortgages on the ships, and take an assignment, specific assignment of the charterr hire of the ships.

He told me that the ships were subject to charter parties.

Q With whom did he tell you the vessels had been chartered?

A As best I can recollect, it was B.P. Tankers.

Q What was the term of each of these charters?

A As best I can recollect, it was five years.

Q Would they be the charters referred to in this chart next to the vessel Tropis, B.P.-5 years?

A Yes.

Q And next to the vessel Tekton, B.P.-5 years?

A Yes.

Q Who represented the borrower in this transaction?

A The firm of Zock, Petrie, Sheneman & Reid.

Q What lawyer in that firm?

A James Hanlon.

Q Do you see Mr. Hanlon in this courtroom?

MR. SPRIZZO: Identification is conceded, your Honor.

THE COURT: The question is whether he sees him in this courtroom.

MR. SPRIZZO: I am saving time, if I can.

THE COURT: Do you see him?

THE WITNESS: Yes, sir.

THE COURT: Please don't ask these questions if they are unnecessary.

Q Did you have any conversation with Mr. Hanlon in connection with this transaction?

A Yes, I did.

Q What if anything did you say to him?

A After we had been retained by the bank I asked Mr. Metzger who was going to represent the borrower and he told me Mr. Hanlon of Zock, Petrie. I called Mr. Hanlon on the phone and I told him that we had been retained by the bank, I understood his firm had been retained to represent the borrower.

I asked him what he knew of the transaction. I asked him what were the names of the corporations to be

formed, and we had a discussion concerning the details of the transaction; when it would close, what was the flag of the vessels, and the usual matters that I'd be concerned with.

Q Did you have any specific conversations with how the deal would be structured?

A Yes, I did.

Q What if anything did he say to you?

A Well, I told him I understood the transaction that Scufalos would set up two new corporations who would purchase the vessels. And he said can't we just transfer the stock from the existing corporations which currently own the vessels to Mr. Scufalos. And I thought about that; I probably thought about that for a day or two, and I called him back and I said no, I'd much prefer to have a clean transaction whereby there would be an actual satisfaction of existing mortgages, sale of a vessel to a new corporation and new mortgages recorded as of the date that the bank would make the loan, therefore, the bank would have a first security, first preferred maritime lien against the vessel, which is the essence of the security.

Q What relationship if any did the selling corporations have to Tidal Marine International Corporation?

A At that time I'm not certain I knew of any, at

the time I had the conversations with Mr. Hanlon.

Q Did you subsequently learn prior to the closing?

A That I am not certain.

Q Did you learn at the closing?

A Yes, I did.

Q What was the relationship?

A I'm sorry. Let me correct that testimony. I knew before the closing because one of the requirements that Mr. Metzger told me that he needed was a guarantee of Harry Amanatides, and I said why.

Mr. Metzger told me that since Scufalos was buying the ships from the Tidal group and Tidal would continue to operate the ships, he wanted the guarantee of Harry Amanatides, so I must have known prior to the closing that they were Tidal ships or from a Tidal subsidiary.

Q Did you and Mr. Metzger discuss any additional forms of securities that you wanted for this transaction?

A I discussed with him whether he wanted a stock pledge by the shareholders of the borrowing corporations and he said yes, put that in the loan agreement.

Q What is the legal significance of a stock pledge?

A It can do many things, but essentially accomplishe three things.

It's an additional security to the bank; it gives

the bank control of the borrowing corporation in the event of a default under the note or the loan agreement; and it would disclose the named shareholders of the borrowing corporations.

Q You put this provision in the loan agreement, did you not?

A Yes, I did.

MR. MARMARO: With the Court's permission I would like to read a brief portion of Government's Exhibit 40 in evidence. I am reading from a loan agreement dated December 24, 1971, between the National Bank of North American and Pisces Navigation Corporation and Aries Navigation Corp. I am reading section 3D. Section 3D deals with security for the loan.

(Mr. Marmaro read to the jury from Government's Exhibit 40 in evidence.)

Q Mr. Martin, is that the provision that you placed in the loan agreement?

A Yes, sir.

Q Were you present at the closing of this transaction?

A Yes, I was.

Q When was that?

A It was on December 24, 1971.

Q Where was that held?

A It was held at the offices of the bank.

Q Who if anyone else was present?

A For the closing itself, was myself, Mr. Hanlon, Mr. Metzger, Mr. Katritsis, and because it was held during the working day of the bank there were various other bank employees there. I believe Mr. Naslas was there in the bank at the time we were closing the transaction.

Q What if anything happened at the closing?

A Well, the closing started about 9:30 or 10 in the morning and I would have brought over my big closing case; I would have had all my documents in it, maybe 40 or 50 documents.

I went to the closing room with Mr. Hanlon, I laid out the documents in various parts on the table. Myself and Mr. Hanlon would have gone through the loan agreement and I had a checkoff sheet I check off that the loan agreement was executed, the mortgage was executed, both mortgages. I had the assignments of the charter hire, I had various documents concerning insurance, and we went down the list.

Q Did you have any discussions about the pledge of shares which we just mentioned?

A Yes, I did.

Q What if anything was said concerning that subject?

A When it came to that item I handed them to Mr. Hanlon and he said, "You're not going to get them."

And I said, "Why not, Jim," I said, "they are part of the closing, a requirement of the loan agreement."

He said, "Well, you're not going to get them."

And I said, "I need them or else we can't close."

He said, "We will see about that," and he got up and he left the closing room, and I got up and followed him.

I wanted to check with Mr. Metzger. I walked down the hall and as best I can recollect, he stopped and talked to Amanatides. I saw Mr. Metzger and I went over and I said, "Joe, they don't have the stock pledge and it is a requirement of the loan agreement."

And Mr. Metzger said, "Well, then, we are not going to close."

We were standing there talking about it. As best I can recollect, Amanatides then went into Mr. Spartalis' office and Mr. Spartalis came out and asked myself and Mr. Metzger if the stock pledge had been part of the Loan Committee approval. I sat down and I got the loan fact sheet and I went through it and I said, "No, it's not."

And Spartalis says, well, sort of waving his hand

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he said, "Well, we don't need it then."

And Mr. Metzger said, "Well, then we will continu with the transaction."

Q So the deal then progressed?

A Yes.

On one of the vessels. Whichever vessel was the Liberian flag vessel. That was all right. But there was problems with the registration of the Panamanian flag vessel. I don't know if it is on your chart or not, which flag they were. But one of the vessels, the registration of it in Panama, was not satisfactory.

There had been problems with the registrar down there and our office had spoken that morning and the night before with attorneys in Panama and they told us that the vessel was not owned on the registrar by the selling corporation to the borrowing corporation; and I reported that to Mr. Metzger and Mr. Spartalis.

We had a discussion and I think they took approximately half of the loan proceeds and placed them in a special collateral account at the bank; and they would not be released by the bank until I was satisfied that the registration of the Panamanian flag vessel was proper.

Q Ultimately these funds were released?

A Yes, they were. Some time I think it was

mid-January, I'm not sure.

Q I want to direct your attention to Government's Exhibit 40 and specifically to a letter which is on the letter head of Pisces Navigation Corporation, contained in that exhibit.

A Yes.

Q Do you see that letter?

A Yes, I do, but it doesn't have any number 40 on it.

THE COURT: The whole file is 40.

THE WITNESS: I'm sorry, your Honor.

Q What is the subject matter of this letter?

A The letter is what was known at the time as a less developed country corporation letter. It was required so that the bank and the borrowing corporation would have the benefits or an exception under the -- I believe it was the interest equalization tax or related in effect. And it is essentially a representation that the borrowing corporation is organized and existing under a less developed country as described by the Internal Revenue Code.

Liberia at that time was a less developed country.

Q Was this letter part of the closing?

A Yes, it was.

Q Was it a condition to closing?

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A Yes.

Q How did this letter come to be submitted to the bank in connection with the closing?

A Well, I would have prepared the letter, it was on pretty much of a standard type of form that the bank would use in all similar transactions and I would have given it to Mr. Hanlon for execution by his client and returned to the bank as prior to loan proceeds being given to the borrower.

MR. MARMARO: With the Court's permission, I would like to read a portion of this letter.

THE COURT: Before you begin, what is the letterhead?

MR. MARMARO: Pisces Navigation Corp., care of Galaxy Steamship Agency.

And it has an address in London. The letter is undated on the first page.

THE COURT: Is there any date on it anywhere?

MR. MARMARO: There is no date.

THE COURT: All right.

MR. MARMARO: This letter is addressed to the National Bank of North America. I want to direct your attention to the next to last sentence of this letter, which reads as follows:

"The undersigned certifies that the names and

residences of its stockholders or in the case of the stock owned directly or indirectly by a foreign corporation, partnership, trust or estate of the stockholders, partners or beneficiaries of such foreign entities, since the issuance of its stock to the date hereof are as set forth in Schedule A hereto."

The letter is signed "Very truly yours, Pisces Navigation Corp., by Paul Katritsis."

Schedule A is a schedule which lists the ownership of the shares in this corporation. And under foreign corporations it says "Union Commercial Shipping Company, nationality: Liberia. Period of ownership: One year. Percentage of shares of borrower corporation: 100 percent."

MR. SORIZZO: May I see that for a minute?

MR. MARMARO: Absolutely.

(Pause.)

THE COURT: The letter is marked Exhibit 40A for identification.

(Government's Exhibit 40A was marked for identification.)

THE COURT: The letter is in evidence, but to identify it, it is marked 40A.

MR. MARMARO: With the Court's permission, I would like to briefly show the jury Government's Exhibit

961B in evidence.

961B is a Pisces Navigation Corporation stock book, it contains stock certificates. There is only one certificate that has been issued from the book, that is one certificate for 500 shares to Galaxy Steamship Corp, and it is dated September 15, 1970.

Q Have you ever heard of Galaxy Steamship Corporation?

A Yes.

Q What is Galaxy or what was it?

A I understood it to be an operating company for Tidal Marine International.

Q Would you have closed this loan without the less developed nations letter, which is 40A?

MR. SPRIZZO: Objection to the form of the question, your Honor.

THE COURT: Sustained.

Did you require this letter as a condition of the closing?

THE WITNESS: Yes, sir. If I did not have it, I would check with Mr. Metzger, whoever the officer of the bank was, as to whether or not they would waive such a requirement. But I would not take it upon myself to waive such a requirement.

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Q Government's Exhibit 40A lists the ownership of Pisces Navigation stock as Union Commercial Shipping Company.

A Yes, sir.

MR. SPRIZZO: Judge, the document speaks for itself.

THE COURT: Read it.

That objection is sustained.

You may read what it lists.

MR. MARMARO: Schedule A to Exhibit 40A lists the ownership of Pisces Navigation stock was Union Commercial Shipping Company, 100 percent for one year.

Q What if anything would you have done had you known that the stock was owned by Galaxy Steamship Corporatio

MR. SPRIZZO: Objection. Calls for speculation.

THE COURT: Sustained.

Would such a certificate have satisfied the condition to the closing if you were aware that Galaxy was the owner of the stock?

THE WITNESS: I would have brought it to Mr. Metzger's attention because I did -- I understood the overriding consideration that this was a Scufalos transaction. I would have known or I did know that Galaxy was an operating company of Tidal Marine.

I would say, "Joe, as far as I know, Galaxy

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is a Tidal company, and not a Scufalos company and what is your" --

MR. SPRIZZO: Move to strike the witness' answer as unresponsive to the question.

THE COURT: Strike it out.

Would that have satisfied the conditions to closing the deal as it was structured, to your knowledge?

THE WITNESS: No.

Q I want to direct your attention to another portion of Government's Exhibit 40 in evidence.

THE COURT: That will be 40B.

(Government's Exhibit 40B was marked for identification.)

A Yes.

Q What is Exhibit 40B?

A It is the same type of letter except it is on the letterhead of Aries Navigation Corp., care of Galaxy Steamship Agency, London.

Q Was submission of this letter a condition to the closing?

A Yes, it was.

Q Was it submitted in connection with the closing?

A Yes, it was. I only have a copy here, and I would have had these executed in maybe six or seven copies,

so I don't know where the originals are, but I'm sure I received the original at the time of closing.

Q How did the original of which this is a copy come to be submitted?

A It would have been given to me by Mr. Hanlon.

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MR. MARMARO: With the Court's permission, I would like to read a portion of Government's Exhibit 40B.

(Mr. Marmaro read to the jury from Government's Exhibit 40B in evidence.)

MR. MARMARO: With the Court's permission, I would like to show the jury Government's Exhibit 961. This book has blank shares of Aries Navigation Corp. stock and a receipt for one missing share which indicates 500 shares have been issued to Galaxy Steamship Corporation on September 15, 1970.

Q If at the closing the less developed nation letter was submitted showing ownership of Aries stock by Galaxy Steamship Corporation would the deal have closed?

MR. SPRIZZO: Objection to form.

THE COURT: Sustained.

Would such a letter have satisfied the condition of the deal as structured?

THE WITNESS: No.

Q I want to direct your attention to another document in this file which I would like to have marked as Government's Exhibit 40C.

(Government's Exhibit 40C was marked for identification.)

Q Mr. Martin, do you recognize this document?

A Yes, it states at the top -- yes, I do.

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Q What is it?

A It states, "Assignment of monies due and to become due under time charter on Tekton."

Q This was the BP five-year charter you mentioned earlier?

A It was in connection with that charter.

Q This was an assignment of that charter?

A That's right.

Q Was this document submitted in connection with closing on this loan?

A Yes, it was.

Q Was the requirement of the closing that this document be submitted?

A Yes, it was.

Q What is the legal significance of this document?

MR. SPRIZZO: Objection to that. It calls for a conclusion.

THE COURT: Sustained.

Why did you ask for this document?

THE WITNESS: This gives the bank a security interest in the payment by BP of the charter. In effect, the bank has control over that charter.

MR. MARMARO: With the Court's permission I would

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like to read a brief portion of that exhibit.

(Mr. Marmaro read to the jury from Government's Exhibit 40C in evidence.)

MR. MARMARO: I would like to have the following marked as Government's 40D, also contained in Government's Exhibit 40.

(Government's Exhibit 40D was marked for identification.)

Q May I ask you if you know what Antares Navigation Corp. was?

A I believe it was the owner of one of the vessels that was to be sold to the borrower from the bank. Which one I don't know, or I don't recollect at this time.

Q I show you Government's Exhibit 40D, and ask you if you recognize what this document is.

A Yes, I do.

Q What is it?

A It is the time charter, the BP Tanker time charter for the Tekton, dated November 24, 1970, between Antares Navigation Corp. and BP Tanker Company, Ltd.

Q What is the term of that charter?

A It says fives years, on line 6.

Q Was this the charter delivered to the bank in connection with the closing?

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A As best as I can recollect, yes.

Q I mean, a copy of the charter.

A Yes.

Q Is this the charter referred to in the assignment which I showed you, Government's Exhibit 40C?

A Yes. Let me check that. There were two vessels and two assignments.

Yes, it is.

Q I would like to refer you to another document in this loan file, which is an assignment of monies due and to become due on the time charter on the Tropis

MR. MARMARO: May I have this marked as 40E.

(Government's Exhibit 40E was marked for identification.)

Q Do you recognize Government's Exhibit 40E?

A Yes, I do.

Q What is it?

A It is the assignment of the charter hire on the Tropis.

Q That is the other vessel being financed?

A Yes, it was.

Q Was this document submitted to the bank in connection with the closing on this loan?

A Yes, it was.

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Q Was it a condition to the closing that this document be submitted?

A Yes, it was.

MR. MARMARO: With the Court's permission I would like to read a portion of this exhibit.

(Mr. Marmaro read to the jury from Government's Exhibit 40E in evidence.)

Q Mr. Martin, what was Alkaid Navigation Corp.?

A It was a corporation that was selling one of the vessels to the bank, the Tropis, probably.

Q I would like to direct your attention to another document in this file.

MR. MARMARO: May I have this marked?

(Government's Exhibit 40F was marked for identification.)

Q What is Government's Exhibit 40F?

A It is the BP charter for the Tropis.

Q Was this document or an original or another copy of this submitted in connection with the closing on the loan?

A Yes, it was.

Q What is the term of this charter?

A Five years.

Q Is this the charter referred to in the assignment which I just read and which is Government's Exhibit 40E?

A Yes, it is.

Q In connection with the loan on the Tropis and the Tekton, did you have any contact with Mr. Scufalos?

A No.

Q Did you have any conversations?

A No.

Q Did you meet with him at all in connection with this loan?

A No.

Q Was your law firm retained in connection with a vessel named the Tachys?

A Yes, it was.

Q By whom were you retained?

A National Bank of North America.

Q When was that?

A It would have been late January, 1972.

Q Did you personally work on this matter?

A Yes, I did.

Q What was the nature of the Tachys transaction?

A The vessel was owned -- Mr. Sheneman told me the vessel was owned by a Tidal Marine subsidiary and was being sold to Mr. Panayotopulos, because Mr. Panayotopulos was not an experienced shipping man, the operation of the vessel would remain with Tidal Marine pursuant to a management agreement.

Q What was the bank's security for this loan?

A It was a first preferred mortgage on vessel, an assignment of hire on the charter party, a personal guarantee of Mr. Panayotopulos, and a general assigning of earnings and assigning of insurance proceeds, if any, being the typical, usual type of security.

Q What was the amount of this loan?

A I believe it was four and a half million dollars. I'm not sure of that.

Q Did you seek any additional guarantees?

A Yes. When I spoke with Mr. Shevlin, he told me that since Tidal Marine or the Tidal subsidiary, Galaxy, was going to operate the vessel, he wanted a guarantee

from Galaxy that the vessel would be operated under the time charter. And, I prepared such a guarantee.

Q Do you recall what the term of the time charter was?

A No, I do not.

Q I show you Government's Exhibit 40 in evidence and direct your attention to a time charter and ask you if this refreshes your recollection as to what the term of the charter was.

A No, it does not but it says five years on it. I don't have any present recollection outside of this document, what the terms would have been.

Q Is this a document submitted in connection with this transaction?

A This is a copy of the one.

Q Is this the document listed here, B.P. for five years in connection with the loan on the Tachys, February 4, 1972?

A Yes.

Q What if anything did you do in connection with this transaction?

A I prepared the document for the bank.

Q What if anything did you do after you prepared the document?

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A I went to the closing.

Q Who represented the various parties to this transaction?

A Mr. Panayotopulos, and the borrowing corporation, Spartan Endeavor were represented by Mr. Flemming and the selling corporation was represented by Mr. Hanlon.

Q That is Mr. Joseph Peter Flemming?

A Yes.

Q When was the closing held?

A I think it was February 4th -- I have to check that. I know it's early February. I think it was the 4th. The 4th of February, 1972.

Q Who was present at the closing?

A Myself, Mr. Hanlon, Mr. Flemming, Mr. Shevlin, Mr. Panayotopulos, and since the closing took place in Tidal's office, there were various Tidal employees there. I remember Mr. Naslas as being there, one.

Q I want to direct your attention to what has been marked as Government's Exhibit 252 in evidence.

What is this document?

A This is the guarantee I prepared for Galaxy Steamship Agency. For the bank to be signed my Galaxy Steamship Agency.

Q How did this document come to be submitted at

A Again, I would have had all my documents with me that I needed to be executed: the loan agreement, mortgage, the assignments, and this was one of them and I would have had them on the table and I did have my checkoff sheet and when I got down to this document, I handed it to Mr. Hanlon and said, "Jim, could I have this signed." As far as I can recollect, we were sitting around a coffee table. He picked it up and handed it up to Mr. Naslas. Mr. Naslas looked at it and he said, "I would have to check on that" and he left the room, and then he came back and it was signed.

Q What was the reaction when you or Mr. Hanlon gave him this document?

MR. SPRIZZO: Objection. The witness has testifie to what his reaction was. It's repetitious

THE COURT: The objection is sustained but not on that ground.

What did Mr. Naslas say or do on that occasion?

Q What did Mr. Naslas say or do on that occasion?

A Mr. Hanlon handed him the document. He looked at it, read it, looked somewhat startled because Galaxy wasn't part of the transaction, wasn't the borrower, and he took it outside and then he came back. He took it and he said "I will have to go out and check on it", left

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the room and then he came back -- I don't know, maybe a couple of minutes later-- signed it and gave it to Mr. Hanlon who in turn gave it to me.

Q What is the subject matter of this agreement?

A This document is a guarantee.

Q By whom?

A By Galaxy, guaranteeing essentially to the bank that the Tachys will perform under the charter party, and that if it does not perform, Galaxy will then make required payments to the bank in the amount of the loan if the borrower cannot.

Q Is this a guarantee by any other party as well?

A Yes, it is. It's signed by Galaxy Steamship Agency Limited, and it is Galaxy's obligations under the guarantee, then guaranteed by Tidal Marine International Corp.

MR. MARMARO: With the Court's permission, I would like to read a portion of this document.

(Portion of Government's Exhibit 252 read to the jury.)

Q Was Government Exhibit 252 submitted in connection with this closing?

A Yes, it was.

Q Was it a condition of the closing that it be

submitted?

A Yes, it was.

MR. MARMARO: With the Court's permission, I would like to read Government's Exhibit 11 in evidence to the jury.

THE COURT: We will take a short recess.

(Jury left)

(Recess)

MR. FLEMING: I would like, if your Honor please, to mark the note that your Honor asked me to submit on why I had taken the exception to your Honor's comment together with the two pages from the deposition.

THE COURT: Yes. Mark it as a Court's exhibit.

MR. FLEMING: I would like to ask for a mistrial based upon your Honor's statement with regard to that cross-examination based on that transcript.

THE COURT: The motion is denied.

MR. FLEMING: May I make a record, your Honor?

THE COURT: You want to make a record? Yes, certainly.

MR. FLEMING: The initial question asked in the deposition of Mr. J. Peter Flemming which I read was whether he had conducted an investigation, and his answer was that they had received documentation, and I understood your Honor to say that the question of documentation was in the original question.

THE COURT: I didn't say anything of the kind.

MR. FLEMING: That is what I understood and that is what was in my note.

THE COURT: You read two questions from that transcript and I was referring to the second. The second says what was in that documentation. I was just repeating

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what you had said.

MR. SPRIZZO: I think your Honor did suggest at least in front of the jury and I may have had it wrong and I will have to check the transcript on it, that the question he was initially asked, that the inquiry was directed to documentation, so therefore our question about did he ever say anything about all communications was not really proper because he wasn't asked the question. We think he was asked the question.

MR. FLEMING: He was. He was asked what investigation he conducted.

THE COURT: You can argue that to the jury. But the point of the matter is you asked two questions, not one.

MR. FLEMING: You mean I read two questions.

THE COURT: You read two questions, that is what I mean. "Were you asked these questions," and in that form you asked the question, what was the documentation.

MR. FLEMING: I read from the deposition, Judge.

MR. SPRIZZO: We will have to check the transcript on it, Judge.

THE COURT: Never mind checking the transcript. The problem is this: You are just refusing to listen to what I am saying to you.

MR. FLEMING: I am confused on this.

THE COURT: I know you are confused. That's what the difficulty was all about.

MR. FLEMING: But your Honor, I was listening and I still don't understand it. I read two questions and answers from the deposition.

THE COURT: I don't know what point you are trying to make to me. I am saying to you that you read a question from the deposition which asked for the documentation, and that's all I said, and that's all the jury understood me to say. And all of this controversy was something that was created here because you asked another question that was improper and you wanted to know whether the man in 356 pages said anything about Hanlon.

MR. FLEMING: I think my question was the question in connection with investigation did he say anything about Hanlon, and it was objected to.

THE COURT: I warned you that I am not going to conduct a trial where there is anything conducted by ambush, and it's going to be out front every time.

MR. FLEMING: Your Honor, you tell me the ambush.

THE COURT: The ambush is this, that you were attempting to confuse this jury deliberately.

MR. FLEMING: I'd like to know how, your Honor.

THE COURT: Yes, I will give it to you specifically

You asked this witness to testify whether he had been asked a question of what the documentation was.

MR. FLEMING: I did not ask that, if your Honor please. The record is very clear --

THE COURT: I will read it to you. You asked this witness "Were you asked these two questions," and the second of the two questions --

MR. FLEMING: That's right. And the answers in between.

THE COURT: And the second of the two questions is "What was the documentation?"

MR. FLEMING: No, your Honor. You have to read the first question.

THE COURT: I think that you are attempting to be deliberately confusing so as to create an altercation here.

MR. FLEMING: I take great exception to both of those statements, your Honor.

MR. SPRIZZO: We respectfully except to that, your Honor, but we do believe that your Honor's remarks did create that impression in the mind of the jury and we were not doing that.

THE COURT: There was no impression created in the minds of the jury other than the examiner was asked

to point to any place in the record where he was asked any other question than a question relating to documentation

MR. FLEMING: Here it is: "Did you undertake an investigation?" That was the first question.

THE COURT: You are doing all this because you expect to repeat it and show that there is something sinister about what happened, and I am saying to you as I sat here listening to you, I got the strong impression that it was a feigned confusion.

MR. FLEMING: Well, it was not.

MR. SPRIZZO: It was not.

THE COURT: I accept your statement of intent, but I am telling you what the effect was.

MR. FLEMING: It certainly was not feigned in any respect, your Honor.

THE COURT: All right, I accept your statement because I have a respect for you and a regard for you.

MR. FLEMING: I appreciate that.

THE COURT: But that was the impression that you created on me.

MR. FLEMING: Has your Honor ruled on our application for a mistrial?

THE COURT: You heard my ruling. I don't think there is anything in this that rises to any matter of

importance here. You were given the opportunity to examine this witness and to reexamine him and examine him again, and you sat down and said you had no further questions.

(Recess)

(In the courtroom in the presence of the jury.)

BY MR. MARMARO:

MR. MARMARO: Your Honor, I would like to proceed by reading Government's Exhibit 11.

THE COURT: All right.

(Mr. Marmaro read to the jury from Government's Exhibit 11.)

Q Mr. Martin, after the closing on the Tachys loan did you have any conversations with Mr. Naslas concerni the Tachys?

A Yes, I did.

Q What if anything did you say to him and what if anything did he say to you?

A Some time after the closing, I'm not sure, the best I can recollect it was about two weeks, Mr. Shevlin called, said the bank had not gotten the hire on the Tachys.

Q What is the hire?

A The rent, if you want to put it in those terms. In other words, B.P. Tanker Company, if it was going to take the vessel and use it pursuant to the terms of the

charter party, would pay what is known in maritime circles as hire, it's rent for the use of the vessel.

He said he had not gotten it, he had called Naslas and Naslas had not returned his call or calls, I forget which. And he asked me as the bank's lawyer to get the relevant information from Naslas.

I then called Naslas, I don't know if I got him the first time or not, but I spoke to him. I said did the vessel tender under the charter.

Q What is the significance of tendering under a charter?

MR. SPRIZZO: Objection to that, your Honor. Calls for an opinion.

THE COURT: Rephrase the question. What do the words mean, tender under a charter.

THE WITNESS: It means that the vessel, the same if you rent a car, you give it to the person, the person looks at it and sees if it's suitable under the contract. You do that on a specific date at a specific time and place. If it is acceptable you tender it and the charterer would accept it.

I asked him specifically did the vessel tender under the charter, because the charter provided in it that the vessel had to tender by a certain date, I think it was

February 20th. If you want, I can look at it. And if it wasn't tendered by the owner at that date, then the charterer had the option to cancel the entire contract.

Q This is the vessel Tachys?

A Tachys yes.

Q What if anything did Mr. Naslas say to you?

A He said he believes so, but he would have to check and get back to me.

Q Did there come a time when he got back to you?

A Yes, there was.

Q What if anything did he say there?

A He said he checked and the vessel tendered and was accepted on February 11, 1972. I then said well, under the terms of the charter party when it tenders and is accepted by the charterer, the charterer has to pay the hire for the use of the vessel. It generally is one month in advance.

I said the bank didn't get that hire as it was supposed to get it under the terms of the specific assignment and Mr. Shelvin wants to know where the hire is.

Again he said he would have to check and get back to me. He must have called me again and he said there was some mixup in London, that the charter hire was inadvertently paid into the wrong account because the

vessel had been under -- had been operated through the Galaxy account by Galaxy and apparently the charter hire instead of being paid to National Bank of North America had been paid inadvertently into the Galaxy account.

Q Did he tell you at what bank?

A I can't remember specifically if he told me what bank.

Q I direct your attention to a letter contained in Government's Exhibit 43 in evidence, which letter has been marked 43-A for identification and ask you if that letter refreshes your recollection on whether Mr. Naslas told you a particular bank?

A Yes, it does.

Q What bank was that?

A The Bank of America National Trust and Savings Association.

Q In London?

A London.

Q To what account?

A For the operating account of Galaxy.

MR. MARMARO: With the Court's permission, I would like to show Government's Exhibit 976-A and 976-B to the jury and read a small portion.

THE COURT: You are going to show them a document?

Just read what you have in mind. They will see the document on another occasion.

MR. MARO: Government's Exhibit 976-A is a statement of the Galaxy Steamship Corporation account. It's a ledger sheet of the Galaxy Steamship at the Bank of America National Trust and Savings Association in London. The statement for the month of February, 1972, shows one deposit in the amount of $18,768.44.

Government's Exhibit 976-B is a statement of account records that relate to the ledger account and show particular transactions. This particular copy relates to the transaction which I just read, that is, the deposit of $18,768.44 in February of 1972. And under a column which states details of the transaction, states that it is received from Shell International Petroleum reference Trecho demurrage.

The ledger sheet for March of 1972 shows no deposits at all. And the credit advices reflect no deposits concerning the Tachys into this bank account.

I have no further questions on direct, your Honor.

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CROSS EXAMINATION

BY MR. SPRIZZO:

Q Mr. Martin, how long have you been an attorney?

A I was admitted to the bar in December, 1964, in New York.

Q Has most of your practice been concerned with admiralty matters?

A Yes.

Q In fact, your law firm essentially handles a good percentage of its business is admiralty work?

A Yes, it is.

Q That is a relatively small firm, is it not?

A It is eleven people, yes.

Q And four partners?

A There are four senior and three junior partners.

Q And all of them I take it are men who have had experience at one time or another in this type of work?

A Yes.

Q You have testified about closings, on your direct testimony. A closing is a fairly -- not confusing, but fairly complicated affair, is it not?

A Depending on the nature of the transaction, it can be.

Q If it is a major transaction like a ship, there

are a lot of documents laying around, isn't that true?

A In this type of work, yes.

Q Would the normal practice be that you have lawyer for the various interested parties sitting around a table with people who are either authorized signatories or attorneys in fact sitting around the same table and documents are being passed from one to the other?

A Yes, it is.

Q The government has shown you what has been marked as Government's Exhibit 40, which is a loan file, and I believe that is a rather thick file; it is laying out there on the front.

A Well, I have 43 and I have 44 and this is 40, yes.

Q It is a fairly thick file. That just represents one set of the documents, is that correct?

A Well, I have never seen this file before and I have just been shown certain parts of it today, so I don't know what else is in there, but that would be a typical closing on this type of transaction.

Q On an ordinary closing you don't have just one copy of a document, you have several copies?

A Yes.

Q Several copies of each document have to be

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executed, is that correct?

A With the exception of the promissory note, yes.

Q And these are passed around from one person in th room to another person in the room?

A Yes.

Q How long does it normally take on a fairly complicated transaction like a ship?

A Anywhere from 2 to 6 hours.

Q This particular closing you testified to on the Tekton and the Tropis I believe was on Christmas Eve, is that correct?

A That's correct.

Q I take it that if anything that accentuated or increased the hustle and bustle that normally is associated with closings, is that correct?

MR. MARMARO: Objection.

MR. SPRIZZO: I will rephrase it.

THE COURT: Overruled. It was Christmas Eve. Go ahead. Next question.

A There was a lot of hustle and bustle. I was handling quite a few transactions and other matters.

Q But there were a lot of pressures on this particular one because it was Christmas Eve, is that fair?

A Not because it was Christmas Eve .

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Q I take it each interested party had to sign sometimes the same document more than once, is that fair?

A I'm sorry, I don't understand that.

Q Say the borrower, the person representing the borrower or the seller is frequently called upon during the course of the closing to sign the same document a number of times?

A Yes. It was my practice to have each document, again with the exception of the note, executed in six counterparts, the mortgages would be executed in ten counterparts because we had to file three of them with the Liberians

Q Were your dealings with Mr. Naslas confined pretty much to these closings about which you have testified, or did you have other dealings with him?

A Just these. I only met him on this, on Christmas Eve and I met him in the office on February 4th. Those are the only two times I can recollect I met him.

Q In your capacity in these closings, take the Tekton, the Tropis and the Tacys, about which you have testified, you were representing the bank, is that correct?

A That is correct.

Q Do you do a fairly good amount of business with the Bank of North America?

A At that time, yes.

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Q And it was your responsibility as an attorney to look to represent the interests of the bank, is that correct?

A That is correct.

Q And the interests of the bank really are adverse to those of both the seller and the borrower, would that be fair?

A No, I don't think that would be fair.

Q Is the bank at least neutral?

A Yes. It is not an adversary proceeding like a trial. We are all interested in accomplishing the same goal.

Q I didn't mean to suggest that, but the parties ar dealing at arm's length, is that fair, with each other?

A That's right.

Q And the bank has an attorney, correct?

A Correct.

Q The seller has an attorney, correct?

A Oftentimes we would not have a seller involved in a closing.

Q But the borrower certainly has an attorney?

A Yes.

Q And certain documentation is prepared by you,is that fair?

A That's correct.

Q And I believe you testified about some of the

documents you prepared, on direct examination?

A That's right.

Q Which ones are those, generally, as a matter of your practice?

A I would prepare the loan agreement, promissory note, general assignment, the specific assignment, the guarantee, if it was required, the less developed country corporation letter, assignment of perhaps General Average of salvage proceeds. That would be the essential parts.

Depending on perhaps little details, I might prepare other documents.

Q Did you in connection with the closing of the Tekton and the Tropis conduct any independent investigation as to the validity or genuineness of any charter parties that were submitted in connection with those loans?

A No, I did not.

Q Did you regard that as part of your proper sphere of responsibility as attorney for the bank?

A No.

Q Would it be true to say that you relied upon the bank loan officers to satisfy themselves as to the adequacy of the collateral and the validity of the charter?

A Not completely because on the date of the closing I would receive the assignment of charter party form which I

would prepare, which was a representation that the charter party was in full force and effect. So I would be relying also on documents provided to me by the borrower.

Q But insofar as the genuineness of the charter is concerned, you did not as a matter of your practice go out and call the charterer and say "Is this charter genuine ?"

A No --

MR. MARMARO: Objection.

THE COURT: The general rule is when you see somebody get up --

THE WITNESS: I am sorry.

THE COURT: I will let it stand.

Q Is it true that usually you are not retained by the bank until after the bank has either decided to make the loan or at least prepared the loan sheet in connection with that loan?

A That is correct.

Q In fact, in most cases you do not get retained until after the bank has decided to approve the loan, is that fair?

A That is fair.

Q So to some extent you do have to rely upon the bank officers in connection with the information that is provided to you on the loan sheet.

A Yes.

Q And you do not conduct an independent investigation to the truth or falsity of what is contained in the loan sheet?

A No.

Are you talking about the charter party now?

Q I am talking about information supplied on the loan sheet.

A If the bank, one of the things that we would do as a routine, is when we learn the name of the vessel, if it was a Liberian flag vessel, I would contact Liberian Services and ask for a certificate of ownership to see who it would be owend by and to see the loans and encumbrances, because that is a public record. A charter party is not public record.

Q Other than checking records, you do not verify the information contained in the loan sheet which is reported to you by the bank?

A That's correct.

Q Who were the loan officers at the National Bank o North America you dealt with?

A We were retained as admiralty counsel by the bank and the only people we would deal with would be in the Ship Loan Department and that would be Mr. Spartalis, Mr. Metzger, Mr. Shevlin.

I did meet Mr. Vogel on several occasions, more that he just happened to be in the area. He was the President of the bank. And I did have at various times brief conversations with Mr. Bachman, who was another vice president of the bank.

Q At the time you dealt with those men in connection with the loan transactions, you had no reason to suspect or distrust them, is that correct?

A That is correct.

Q In fact, as far as you know, they were honest, respectable, faithful employees of the bank?

A Absolutely.

Q Do you know Mr. Scufalos?

A Yes, I do.

Q When did you first meet Mr. Scufalos?

A I first met Mr. Scufalos in 1966 in a hotel in Chicago, in the Palmer House.

Q Was that in connection with a legal representation of some kind?

A Yes, it was.

Q I take it it had nothing to do with the matters which are on trial here?

A No.

Q Did you see him frequently or infrequently?

A During that time we were in Chicago in connection with a problem, a defaulting time charter, I met him during that period, three, four, five times. And after that maybe I met him once every three, four years.

Q Did you ever meet or know Mr. Harry Amanatides?

A I think he was in the bank the day we closed the Tropis and Tekton. Yes, he was. That was the first time I met him, on that Christmas Eve.

Q Was he introduced to you?

A The best I can recollect, yes.

Q Do you recall by whom?

A It might have been by Mr. Spartalis or Mr. Metzger Most likely -- I don't recall specifically, but I do remember him being there, and I must have been introduced to him by one of the bank officers.

Q Do you know or have you ever met Mr. A. Ion Livas?

A No.

Q I believe you testified on direct examination that you did not see Mr. Scufalos at all in connection with the transaction on the Tekton and Tropis on the day of the closing.

A That is right.

Q Did you ever have any dealings with Mr. Scufalos

in connection with the closing?

A No.

Q Would it be fair to say that all the information that you had which indicated that Mr. Scufalos was the borrowe on this loan, came from the bank officers?

A No.

Q Did you receive any information from anyone else indicating that Scufalos was the borrower?

A I understood it from Mr. Hanlon. He was representing Scufalos.

Q Did the bank officers alsc tell yc.u that Mr. Scufalos was the loan officer on the -- the borrower on the loan?

A I'm sorry, I didn't follow that question.

Q Was it Mr. Metzger, did Mr. Metzger tell you that Mr. Scufalos was the borrower?

A Yes.

Q You knew at that time, did you not, Mr. Martin, about a possible business connection between Scufalos and Amanatides in Tidal Marine?

A No, I did not.

Q Do you recall testifying before the grand jury on March 1, 1974?

A I remember testifying before the grand jury, yes.

Q Was it in or about March of 1974?

A Yes.

Q When did you learn for the first time that there was a business connection between Harry Amanatides and Mark Scufalos, if ever?

A I'm not sure. After the thing fell apart I heard a lot of stories going around. I just couldn't focus on that precisely.

Q It was after the collapse of Tidal Marine?

A Yes.

Q I think you testified on direct examination that one of the parties involved in this transaction was Union Commercial Shipping or Steamship Corporation.

A I did not testify to that.

Q Weren't you shown a document, a representation letter contained in the loan file which indicated Union Commercial Shipping was a 100 percent owner of these purchasing corporationS?

A That's right.

That letter was given to me at the time of the closing.

Q Were you familiar with, at that time, the name of Mr. Scufalos' company?

A Yes.

Q Union Commercial Steamship Company?

A I knew Mr. Scufalos' company in Athens or in Piraeus was Union Commercial. Whether it was Steamship or Shipping, I didn't focus on that. I know his company was Union Commercial.

Q In other words, in your own mind the distinction between Union Commercial Shipping and Union Commercial Steamship as something you didn't bother about?

A That's correct.

Q It really didn't mean anything to you, that distinction?

A No, not at that time.

Q In connection with the check down in the Tropis transaction, was there a consent of the charterer necessary to complete the closing on the change of ownership?

A Yes, there was.

Q Do you recall how that consent was provided? Was it done actually by the charterer or did you rely on the telex?

A On the day of the closing we relied on the telex that came to the bank.

Q Can you recall who the telex came from?

A Yes. It came from John D. Martin Ship Broker, Ltd.

Q As far as you were concerned, that telex was

adequately protecting the interest of the bank?

A I showed it to Mr. Metzger and I said, "Are you satisfied with that?"

Q What did he say?

A He said "They are reputable people, I'm satisfied."

Q So it was okay as far as you were concerned to go ahead with the closing without waiting for a formal letter from the charterer consenting to the ownership change?

A The telex said charterer has consented to change of ownership, as to the usual tri-party agreement, and that was acceptable to Mr. Metzger and acceptable to me.

Q There is nothing unusual in your experience as an attorney between lawyers at closings relying upon telexes received from abroad?

A It was the only way you can close a shipping financing. We did it all the time.

Q As far as your deals with Mr. Hanlon were concerned, isn't it true to say that they were fairly routine in terms of the type of conversations you had with him?

MR. MARMARO: Objection.

THE COURT: Sustained.

Q Isn't it true that the conversations you had with Mr. Hanlon and about which you have testified on direct

examination, are the type of conversations you had in connection with almost every closing you had?

MR. MARMARO: Objection.

THE COURT: Sustained.

Q Isn't it true that you asked Mr. Hanlon what you described as mechanical questions?

MR. MARMARO: Objection.

THE COURT: Did you say that the witness describes as mechanical?

MR. SPRIZZO: Yes.

THE COURT: He hasn't done that up to now.

Q Did you in the grand jury testify that basically you had asked Mr. Hanlon what you have described in the grand jury as "mechanical questions"?

A I don't remember.

Q Question at page 32:

"Q Did Mr. Hanlon ever tell you anything about the purpose of the transaction?

"A Not that I can recall, no, sir. I just asked him mechanical questions. I needed to fill in the documents, primarily."

Does that refresh your recollection as to whether or not --

A I don't remember being asked or giving that answe

but I could well have.

Q Was that testimony accurate at the time you gave it?

A Yes.

Q Would that be a fair description of the type of questions you asked Mr. Hanlon in connection with this transaction?

A Yes.

Q Isn't it true that in connection with the closing on the Tekton and the Tropis, that there were some parts of a charter missing or some documents missing? Do you recall that?

A There was one page from one of the charter parties missing. Some of the insurance documents were missing. There were other things missing, yes. Whatever was missing I would have checked out with the bank officers, this is what I am supposed to have, this is what I do have and is that satisfactory. The most important thing that was missing was the ownership of one of the vessels.

Q That is the Panamanian corporation?

A Whichever one it was that was missing. It wasn't there.

Q Neither you nor the bank was concerned about going forward with the closing merely because there happened

to have been a few papers missing?

A The bank didn't go forward with the entire closing because the registration of the vessel was not proper.

Q Excluding that for a moment.

Other than that document which required some modification, the fact other documents were missing did not bother you or the bank insofar as going ahead with the closing?

A We discussed them and then we went ahead with the closing.

Q Is it unusual to go ahead with the closing even though all the documentation is not actually there?

A Usual or unusual?

Q Is it unusual.

A Generally there is always some document that is supposed to be there that is not there because it has to come from abroad or the insurance broker in London didn't prepare it properly and you try to do the best you can with alternate means, patching it up on a temporary basis.

Q Isn't it fair to say when you have to get a lot of documents together in one place it is not unusual for some of them not to be there at the right time?

MR. MARMARO: Objection.

THE COURT: Sustained.

Q Do you recall on this occasion whether or not you read the entire charter that was submitted at the closing on the Tekton and the Tropis?

A It is a printed form. I would not have read everything in it. I would have read what I considered the essential parts, the names on it, whether it had signatures on it, the term, whether the vessel had tendered, if that was material.

Q As a matter of practice, you don't usually read the entire charter, is that fair?

A That's right. It is a printed form with which I am familiar in my business.

Q Would it be fair to say that sometimes if you are really busy at a closing you wouldn't look at the first page, but the last page?

A I would be satisfied that the charter party at the very, very minimum conformed to the assignments I had prepared, that would be as to ownership, date, term, and rate of hire, which was obviously of importance to the bank.

Q Do you recall being asked this question and giving this answer before the grand jury, page 37, bottom:

"Q Would you have looked at the whole charter or just the front page?

"A Depending on how busy I was, I would have flipped

through it. My primary purpose was the documentation. I presume Mr. Metzger or whoever else was on the Loan Committee would have examined the charter party first, because that is part of the collateral."

A I could have given that answer.

Q Was that testimony true and accurate?

A Yes, it was.

Q That would still be your testimony today?

A That's right.

Q This pledge of the collateral that you testified to on direct examination -- pledge of the stock as collateral that you testified to on direct examination, you were referring of course to a pledge of stock of the borrower, is that correct?

A The shareholder of the borrower is the actual person who makes the pledge. The borrower doesn't own its own stock in most circumstances.

Q You want a pledge -- the stock pledge you were talking about had nothing to do with the seller but only with the borrower?

A That's right.

Q Which in this case was the purchasing corporation?

A That's right.

Q And I believe you testified that when this matter

come up at the closing, Mr. Hanlon indicated that he could not provide the stock as collateral, is that correct?

A He said I was not going to get the stock pledge.

Q Then he left the room you said and you went after him?

A That's right. I wanted to check it out with Mr. Metzger and I was looking for Mr. Metzger.

Q When Mr. Hanlon left the room did you see him talk to anyone?

A As best as I can recollect, he went down and talked to Mr. Amanatides.

Q Mr. Amanatides you knew at that time was Tidal Marine, did you not?

A That's right.

Q Did you see Mr. Amanatides talk to anyone on that day?

A You mean -- yes. He came into the bank, said hello to everybody. This obviously took place about an hour and a half later to Amanatides, shook everybody's hand.

Q Just to keep the sequence, Mr. Hanlon left the room and spoke to Mr. Amanatides, whom you knew to be connected with Tidal Marine.

A That's right.

Q Then you testified on direct examination that you

spoke to Mr. Spartalis about the pledge arrangement and he sa it was okay to go ahead without it, is that fair?

A Yes, but that's not in proper sequence.

Q But prior to the time that you spoke to Mr. Spartalis about whether or not they should insist upon the pledge of stock as collateral, did you see Mr. Amanatides talk to Mr. Spartalis?

A The best I can recollect, Hanlon spoke to Amanatides; Amanatides then went int Spartalis' office. The were in my side view because I was talking to Metzger right outside of Spartalis' office and I was more concerned gettin my signals straight with Mr. Metzger than I was about --

Q Mr. Spartalis was Mr. Metzger's superior, was he not?

A That's right.

Q How long did Mr. Amanatides talk to Mr. Spartalis after Mr. Hanlon had spoken to Mr. Amanatides?

A I have no recollection.

Q Was it five minutes?

A Five, ten minutes. I don't know how long I spoke to Mr. Metzger. I can't recollect right now.

Q Did you overhear any part of the conversation?

A Between who?

Q Between Mr. AManatides and Mr. Spartalis.

A Yes. I heard them talking because I was standing Spartalis was in his office with Amanatides and I was right outside the door with Metzger. He said "We won't close," and we were standing there and I heard those two talking inside.

Q Were you able to understand that conversation?

A No.

Q Why was that, Mr. Martin?

A They weren't speaking in English.

Q Were they speaking in Greek?

A I believe so.

Q I believe you testified before the grand jury it was all Greek to you?

A That's right.

Q After Mr. Amanatides spoke to Mr. Spartalis, you spoke to Mr. Spartalis about whether or not you should insist upon the stock as collateral.

A Well, Spartalis came out to talk to me about it.

Q He came and spoke to you?

A Well, I was standing there and I had my correspondence file and the loan agreement with me because I was pointing out to Mr. Metzger what I didn't have that I was supposed to have that was required, so I had my closing copy of the loan agreement with me and I probably had my correspondence folder, whatever other documents I might have taken

off the table.

I probably had the stock pledge with me too, I'm not sure.

Q What is your best recollection what Mr. Spartalis told you when he came out of the meeting with Mr. Amanatides?

A He came out and he said, I guess to myself and Mr. Metzger, "What seems to be the problem?"

I said, "Well, the ship registration on one of the ships is screwed up and I don't have the stock pledge."

He said, "Well, is it a requirement?"

And if I remember correctly I sat down at his secretary's desk and I started going through this and I looked in the loan fact sheet prepared by the bank and I said, "No, it does not appear to be a requirement of the Loan Committee approval."

I aid, "I put it in the loan agreement at the request of Mr. Metzger."

Q Is that all you remember of the conversation?

A Then he said, "Well, if it is not a requirement of the Committee approval then we can waive it, we don't need it."

Q Does that exhaust your recollection of what the conversation you had with Mr. Spartalis was?

A Then we discussed the problem about the

registration of the Panamanian vessel and on that I said, "You just can't close. There is no indication on the records that the selling corporation owns the vessel that you are going to loan several million dollars against."

We had a long discussion about whether we should not close anything, in other words, put the closing off completely or close half of it and it worked out that it closed the Liberian and then put half the proceeds, approximately half, in a cash collateral account until we got the Panamanian registrattion straightened out.

Q Do you recall at that time when Mr. Spartalis came down after his meeting with Mr. Amanatides, him saying to you, in words or substance, "Mr. Martin, we don't need that, I know Mr. Scufalos and I know these people and they are first class people"? Do you remember him telling you that?

A He could well have told me that. I don't have a specific recollection at this time.

Q Do you recall telling that to the grand jury?

A No, I do not.

Q On page 45:

"Q Did you understand what they were saying?

"A No, sir, it was all Greek to me. I could just hear voices and obviously I didn't understand it and they

were having a discussion in Greek. After that discussion was over, Mr. Spartalis came out and he said, 'Mr. Martin,' he said, 'We don't need that. I know Mr. Scufalos and I know these people and they are first class people,' and you know, he sort of waived this in. 'We don't need this little paper from them.'"

A I think I said that.

Q Does that refresh your recollection?

A Yes.

Q And that would be your testimony today?

A In substance, yes.

Q Did you feel that you had any obligation going further with respect to your position on the stock pledge agreement?

A No. The senior officer I dealt with at the bank told me it was all right.

THE COURT: Just answer the question.

Q As far as you were concerned, he was the man in charge of loans at the bank?

A Of ship loans, yes.

Q You testified about the Tachys on your direct examination.

A Yes.

Q Do you recall whether or not there was a problem that arose in connection with the Tachys involving the manner

in which the security interest should be perfected under British law?

A It wasn't a problem. I was not familiar with British law and prior to the closing I had written to London attorneys asking how do we perfect a security interest under British law.

Q Who had responsibility for seeing to it that the security interest was perfected properly in accordance with law?

A That would be the lawyer's responsibility.

Q Did Shevlin have anything to do with that?

A No.

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Q Who was supposed to check into the validity or genuineness of the charter, you or Mr. Shevlin?

A The bank.

Q And in this case in connection with this loan it was Mr. Shevlin, is that correct?

A That's correct.

Q There came a time in connection with the Tachys loan, did there not, Mr. Martin, when a problem arose as to whether or not there was a charter on the Tachys?

A Yes, there did.

Q And who brought that to your attention for the first time?

A Mr. Shevlin.

Q Do you recall what he told you?

A He said, "Pat, we haven't gotten the charter hire on the Tachys. I've been calling Naslas and haven't had much success, why don't you bug him for a while" or words to that effect.

Q At that time did you speak to anyone at the bank other than Mr. Shevlin about that problem of the charter party?

A No.

Q You didn't speak to Mr. Spartalis about it?

A No, I had very little dealing with Spartalis.

THE COURT: Just answer the question, please.

Q And you didn't speak to Mr. Metzger about it?

A No.

Q Did you speak to anyone at the bank, anyone at the bank at all, and I am not limiting myself to the ship loan department. Did you go to any higher official of the bank and tell them about the problem with the Tachys?

A No.

Q Did you discuss it with anyone else other than Mr. Shevlin?

A Bank employees?

Q No, discuss it with anyone at your firm.

A I discussed it with my partners, generally, yes.

Q Did any partner or did you express the thought that you should bring this to the attention of higher officials of the bank?

A No.

Q There came a time when another charter was submitted, is that correct, on the Tachys?

b2 A I'm not sure I understand "submitted."

Q There was another charter presented. In other words, there came a time when the Tachys did receive a

charter?

A Not to my knowledge.

Q You knew nothing about the Med-Oil charter?

A Yes, I did.

Q Wasn't that attached to the Tachys?

A Attached to but never submitted. As far as I know, the vessel never tendered under it.

Q Do you know if Mr. Georgiopoulus was aware about the problem of the Tachys?

A Yes, he was.

Q You did not have any conversation with Mr. Hanlon concerning the genuineness or validity concerning the closing of the charter party of the Tachys?

A No.

Q Did you have any discussion with Mr. Hanlon after this problem arose?

A No.

Q You never spoke to Mr. Hanlon at all about the Tachys, other than in the ordinary course of the closing?

A That's right.

Q As a matter of practice is it customary for a loan file to include a contract of sale?

MR. MARMARO: Objection.

THE COURT: Sustained.

Q In connection with this transaction, did the loan file contain a contract of sale?

A I remember receiving copies of the bills of sale. I don't know if I put them in the closing folder I submitted to the bank.

Q Excuse me?

A I don't know if I put them in the closing folder I submitted to the bank.

Q In connection with the closing of the Tachys, was there a consent by the charterer to the change of ownership necessary under that transaction?

A No.

Q Why was that?

A If I remember correctly it was just the stock being sold by one of the Tidal companies to Mr. Panayotopulo so there was no corporate change in ownership of the vessel.

Q Did there come a time when you received a call from Mr. Richard Teiman in connection with the Tachys charter?

A Yes.

Q Was that before or after you had received information that there might not be a charter on the Tachys?

A I would say it was the same period of time that

Mr. Shevlin called me. I would say that day or maybe the next day Mr. Teiman called me.

Q Mr. Teiman was a partner in Cole & Deitz, is that correct?

A Yes, sir.

Q Do you recall the conversation you had with him?

A I said --

THE COURT: Do you recall?

THE WITNESS: Yes, I do.

Q What was it?

A He said, "Pat, I understand from John that the charter hire hasn't come in on the Tachys."

He said, "I have a similar problem on the Aris, I'm trying to get it straightened out."

He said, "Check with Naslas and make damn sure that you're getting the charter hire on the Tachys."

Q Did you ever respond to Mr. Teiman's inquiry?

A To him direct?

Q Yes.

A Yes, I did.

Q What did you tell him?

A I told him, after I spoke with Mr. Naslas, I repeated in general terms what Mr. Naslas had told me about the vessel tendering.

hph 6 Martin-cross

Q Did you ever tell Mr. Teiman that the Tachys charter did not exist?

A I have no recollection of that.

Q No recollection either way?

A My best recollection is, I never told him.

Q When you were before the grand jury, were you asked these questions and did you give these answers, page 83:

"Q When you found out that the Tachys charter did not exist, did you tell Mr. Teiman about it?

"A No, sir.

"Q Didn't you feel it would have been appropriate since you had already discussed the Tachys charter with him?

"A No, because I didn't know who Mr. Teiman or the firm he was representing."

Did you give that answer?

A Yes.

Q Does that refresh your recollection?

A That's right.

Q I just want to clarify one thing. When we're talking about non-existence of the charter in the conversation you had with Mr. Shevlin, did the conversation you had with Mr. Shevlin relate to the charter hire or the existence of the charter?

A Just the charter hire. I was concerned if he didn't get the charter hire, that means the vessel maybe had not tendered under the charter in time to meet her cancelling date. That's what I was concerned about. It was absolutely essential in my mind that it tender by February 20th, and when Naslas told me specifically it tendered on February 11th, I put that in a letter and I wrote the letter to Pete Flemming, and I sent a copy to the bank. I thought that had solved everything.

b3

Q In other words, as far as you were concerned, you really didn't know whether the charter in fact existed, but what you really knew was the charter hire didn't come in as it was supposed to?

A That's right, at that time.

Q Getting back for a moment to the closing on the Tekton and the Tropis and the stock pledge agreement, when as you testified Mr. Hanlon went out and spoke to Amanatides. When Mr. Hanlon got back, did you ask him why he was speaking to Mr. Amanatides when Tidal, as far as you knew, had nothing to do with borrowing of the loan?

A No, I did not.

Q But the stock pledge agreement you were interested in was stock pledge of the borrower, isn't that correct?

A That's right.

Q Which according to the representations, which you say were made to you, was Mr. Scufalos, is that right?

A That's right.

Q You did not ask Mr. Hanlon why he didn't speak to Mr. Scufalos about that, did you?

A No, I did not.

Q And you knew Harry Amanatides was Tidal Marine,

is that fair?

A That's fair.

MR. SPRIZZO: I have nothing further.

REDIRECT EXAMINATION

BY MR. MARMARO:

Q Mr. Martin, when you represent the bank in connection with ship financing, do you prepare draft documents, is that right?

A That's correct.

Q As a matter of course, you send these documents for purposes of review to the borrower's counsel, isn't that correct?

A That was my practice, yes.

Q When you represent the bank in connection with a closing, do you rely on the truth of the representations obtained from the borrower in closing a loan?

A Absolutely.

Q You testified about your reviewing the charters. Is it not a fact the term, the rate, the parties are the significant information that you review?

A That's right.

Q Is that information contained on the first page of the charter?

A On this one, yes, except for the signatures.

Q After the Tachys loan closed, did you have occasion to speak with Mr. Metzger concerning the Tachys?

A Yes.

Q When was that?

A I was having lunch with him one day, discussing various transactions I was handling for the bank and he stated, "Pat, there is a problem on the Tachys charter."

Q Was this before or after your conversations with Mr. Naslas about the vessel tendering?

A Probably a month later.

Q As a result of your conversations with Mr. Metzger, what if anything did you do?

A Well, a couple of days later I was up at the bank, I was normally over there maybe two, three times a week on various matters, and I was up in Mr. Metzger's office and when I finished with Mr. Metzger, I walked down the hall and there was Spartalis' office and outside Spartalis' office in a little area was Shevlin's desk. He was sitting there and I said, "John, I heard there is a problem on the Tachys charter."

Q What if anything did he say?

A He sort of looked up at me and then he slid open the top drawer of his desk and handed me up a letter, showed it to me, the lette I think that you read in evidence

here.

Q Was that the letter that I read as Government's Exhibit 11?

A I presume it is.

Q I will show it to you.

A That appears to be a copy of the letter I was show

Q That is the letter from B.P. Tankers to the bank?

A Yes, it is.

Q Saying there is no charter on the Tachys?

A Technically it says the charter was cancelled prior to the vessel because another vessel had been substituted --

THE COURT: Does that mean there is no charter on it?

THE WITNESS: At that time,yes, sir.

THE COURT: Just answer the question.

Q What, if anything, happened next in this connectio

A Well, I said "John, that's serious, we better speak to Gregory."

So we went in to Mr. Spartalis' office and I said, "Mr. Spartalis, I don't have the loan agreement with me, but if what's in that letter is true, there has been a serious misrepresentation here. You can call the loan in, in effect, and at tempt tocollect on your collateral and

do whatever is necessary to protect your interest. That's a default under the terms of the loan agreement."

Q What, if anything, did he say to you?

A The best I can recollect, he says, "Well, I have sort of considered it and I am going to give them some time" and I think he mentioned 60 days, to work it out, or words to that effect.

MR. MARMARO: Nothing further, your Honor.

RECROSS EXAMINATION

BY MR. SPRIZZO:

Q That letter you received from B.P., was it --

A I'm sorry, I didn't receive this letter.

Q You received it from Mr. Shevlin?

A Mr. Shevlin showed it to me. He never gave me a copy.

Q That letter is dated some time in March of '72?

A It's dated March 10th, 1972, and received by the bank on March 16th.

Q When you found out about this serious matter you had a meeting with Mr. Spartalis, is that correct?

A And Mr. Shevlin, yes.

Q Mr. Spartalis, at the time you met him, did he give you any indication that he knew about the problem before you got there?

A He knew about it, yes.

Q He said "We're going to give them some more time", is that correct?

A He said, "What can you do, we're going to give them 60 days to work this out."

Q Did you at that time tell Mr. Vogel, the president of the bank, about what you thought to be a serious misrepresentation?

A No.

Q Did you in your conversation with Mr. Spartalis say it was a breach of the agreement, if not outright fraud?

A I probably used to that effect, yes.

Q Did you bring it to the attention of anyone else at the bank?

A No.

Q Did it strike you strange that Mr. Spartalis was going to give them more time?

A Not really.

Q Was there any reason why you did not bring this to the attention of Mr. Vogel or higher-ups at the bank?

A No. I reported to the senior office in the ship lending department.

Q As far as you were concerned, he was the man in charge of ship loans?

hph 14 Martin-recross

A That's right.

Q Did you discuss it with your partners?

A Yes, I did.

Q Did you ever discuss it with Mr. Hanlon?

A No.

Q I think you testified on redirect that you rely upon the representations of the borrower, is that correct, to some degree?

A Yes.

Q The borrower of course is to be distinguished from the borrower's counsel, is that correct?

A That's right.

Q The borrower makes the representation and not the lawyer, is that correct?

A That's correct.

Q Are you familiar with the form letter that is often submitted in connection with closings, so-called lawyers' letters?

A I'm familar with them, yes.

b4 Q Isn't it true those lawyers' letters generaly, the lawyer warrants the legality and existence of certain corporations, basic knowledge of the underlying facts, and says he relies on his client. Is that in essence what the letter says?

A No.

Q Have you seen such letters?

A Yes. I got one from Mr. Hanlon in this transaction.

Q Do those letters not indicate that the lawyer is relying upon information supplied by his client?

A In part, yes.

Q Insofar as he does warrant the existence of certain legal entities, such as corporations and their validity under the law and so forth.

A Yes.

THE COURT: Anything else?

BY MR. MARMARO:

Q Who represents the borrower at a closing?

A A lawyer.

Q If a representation is made by a lawyer, do you rely on that?

A Yes.

MR. MARMARO: Nothing further.

BY MR. SPRIZZO:

Q Is there a distinction between an attorney and an attorney in fact?

A Very definitely.

Q What is that distinction?

A An attorney is someone who is admitted to the bar and an attorney in fact is specifically authorized by the board of directors of a corporation to do specific things.

Q In many cases, in other words, he is just an authorized signature, authorized to sign certain documents on behalf of the corporation?

A An attorney in fact?

Q Yes.

A Yes.

Q In connection with these transactions was there any question in your mind when you dealt with Mr. Naslas he was acting on behalf of the corporation when he made certain guarantees or warranties?

A Always in behalf of the corporation.

Q These were not personal guarantees or warranties?

A No.

MR. SPRIZZO: No further questions.

THE COURT: Thank you very much. You are excused.

(Witness excused)

THE COURT: Ladies and gentlemen, we will recess until 2:15.

(Recess to 2:15 P.M.)

AFTERNOON SESSION

2:25 P.M.

(In the courtroom in the presence of the jury.)

MR. FLEMING: May I interrupt to give you a note with regard not to this witness but to a witness who might be called this afternoon.

THE COURT: All right.

MR. FLEMING: It has no relevancy now.

MR. GLEKEL: Your Honor, the government calls Richard Barnett.

R I C H A R D B A R N E T T, called as a witness, having been duly sworn, testified as follows:

(Residence: 330 West 12th Street, New York,N.Y.)

DIRECT EXAMINATION

BY MR. GLEKEL:

Q Mr. Barnett, how are you employed?

A I am a partner in the law firm of Haight, Gardner, Poor & Havens.

Q Were you at Haight, Gardner during 1971?

A Yes.

Q Did a time come when you were retained to represent the Bank of America at a New York closing on a loan to Tidal Marine for the purchase of a ship by the

name of the Tekton, T-e-k-t-o-n?

A Yes.

Q Do you recall who represented Tidal Marine in this loan transaction?

A Tidal Marine was represented by James Hanlon of the firm of Zock, Petrie, Sheneman & Reid.

Q Were you present at the closing of this loan in May of 1971?

A Yes, I was.

Q Prior to the closing did you have any contacts with Mr. Hanlon?

A Yes. I talked to him. After we were retained by Bank of America and were advised by Bank of America that Mr. Hanlon would be representing the borrower from the bank, I talked to him on the phone several times prior to the closing concerning the closing arrangements.

Q Who was present at the closing?

A I'm sure that June Murphy, who is an employee of the Liberian Deputy Commissioner's office, was there, and John Sheneman was there, who was a partner of Mr. Hanlon's, was there to sign the mortgage and other documents. Mr. Hanlon was there, and I believe Mr. Naslas was there.

Q Were documents executed at this closing?

A Yes. The closing was held at the office of the

Liberian Deputy Commissioner and the documents were signed at the closing.

Q Do you recall the nature of the documents that were signed at the closing?

A Well, there was, the principal document that was signed at the closing was the mortgage from the ship owning corporation to Bank of America. The original plan had been that the other closing documents would be signed in London where as I recall the loan was negotiated. However some time during the course of the arrangements the plan was changed and most of the security documents were signed in New York at this closing.

That included an assignment of the charter hire, an assignment of insurance and the mortgage and-- I think there were some other documents.

Q By mortgage, do you mean the first preferred mortgage?

A This was a first preferred mortgage covering the Tekton.

Q Was the assignment of charter hire among the documents executed at the closing?

A Yes, it was.

MR. GLEKEL: Your Honor, I would like to read to the jury a brief portion from Exhibit 270-A which I have

marked for identification. It is part of file 270, which is the Bank of America closing file on the loan for the Tekton. The document is labeled assignment of charter hire, Tekton. Midway through the first page the statement I shall read is as follows:

(Mr. Glekel read to the jury from Government's Exhibit 270A.)

Q After that closing, did you have any further contact with Mr. Hanlon?

A At the closing Mr. Hanlon had agreed that he would furnish us with photostats of two documents that were his documents, the bill of sale and the vessel's certificate of registry. A copy of the provisional certificate of registry I think was sent to us within the next few days but there was some delay in getting a copy of the bill of sale, and I telephoned him some time later and reminded him about the bill of sale, and the next day he sent over a copy of the bill of sale. So far as I recall, that was the only conversation I had with him after the closing.

Q Do you recall any conversation or correspondence with Mr. Hanlon concerning a closing on another ship?

A I have in our correspondence, I believe it was a latter with which Mr. Hanlon enclosed a copy of the

bill of sale and he said in the letter that he understood that the First National Bank of Boston, which apparently had a closing scheduled for the next day, was not going to retain New York counsel to be present at the closing. I think the day before when I spoke to Mr. Hanlon about the bill of sale he asked whether or not we were going to be retained to represent the Boston bank at the closing, and I told him I had heard nothing about it at the time.

Q Is Exhibit 266-C the letter to which you are referring?

A Yes, it is.

Q By the way, do you recall the name of the ship that was to close at the First National Bank of Boston the following day?

A No, I don't.

MR. GLEKEL: No further questions.

CROSS EXAMINATION

BY MR. FLEMING:

Q Mr. Barnett, my name is Peter Fleming and I represent Mr. Hanlon, Mr. Katritsis and Mr. Naslas.

How old a firm is Haight, Gardner?

A The predecessor firms apparently can be traced back to, I think it's 1828.

Q By reputation is it one of the leading admiralty

firms in the United States?

A I believe it is, yes.

Q You say that this loan, the Bank of America loan on the Tekton was negotiated in London?

A Yes.

Q Did you participate in those negotiations?

A No, I did not.

Q As part of your responsibility representing the bank's interests, did you examine the charters?

A No. That was not part of my responsibility, and I did not examine the -- I did not see the charters.

Q Was that not part of your responsibility because the charters were in London and another lawyer was looking at them, or was there another reason?

A I really don't know. If they were examined at all it would have been in London because the only reason that New York got into the closing arrangement--

THE COURT: I don't think that is what Mr. Fleming is asking. He wants to know whether the fact that you didn't see the charters was due to geography or whether it was not part of your responsibility.

THE WITNESS: It was not part of our responsibility. We had a very limited function in connection with the closing.

Q My question is, it was not part of your responsibility because of geography, is that correct-- I will withdraw that--

A Yes.

Q If the charters had been there and you were representing the bank in the actual closing you would have examined the charters, would you not?

MR. GLEKEL: Objection, your Honor.

THE COURT: You may ask that question. The question is, would you go into the genuineness of the charters if they were sitting right there for you to look at or as part of your duties if you were in a position to do that here in New York?

THE WITNESS:Go into the genuineness of the charter

THE COURT: Yes.

THE WITNESS: Is this a question, if we are representing a lender making a loan on the basis of the security of the charter party, would we examine the charter party? Yes.

Q But in this case you did not because of geography?

A No, because our function was very limited in connection with this closing. We were to see that certain documents were properly signed in New York. That was the limit of our function.

Q And none of those documents was the charter?

A No.

MR. FLEMING: Thank you.

MR. GLEKEL: Nothing further.

THE COURT: Thank you. You are excused.

(Witness excused)

MR. GLEKEL: The government calls Constantin Mattheo.

C O N S T A N T I N M A T T H E O, called as a witness on behalf of the government, having first been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. GLEKEL:

Q Mr. Mattheo, how are you employed?

A I am self employed.

Q What kind of work do you do?

A I act as special Greek counsel for various American law firms in mainly maritime matters.

Q Precisely what type of work do you do on maritime matters?

A I translate mortgages, I give legal opinions to the American firms or I guide them as to the appropriate sections of Greek law that are applicable in the particular instance.

Q Directing your attention to approximately Decmebe of 1970, were you retained at that time by James Hanlon to do any legal work?

A Yes, I did.

Q What did he retain you to do?

A As I recall, he requested I translate a mortgage

for one of his clients that was covering a certain vessel named Trechon.

Q The name of the vessel was Trechon?

A Trechon.

Q What work did you do?

A I translated the mortgage.

Q What kind of mortgage was this?

A It was a mortgage in favor of the Bank of America National Trust and something like that. I don't remember now the bank.

Q By mortgage, do you mean first preferred mortgage?

A First preferred mortgage.

Q Who furnished you with the English copy of the mortgage to translate it?

A As far as I recall, Mr. Hanlon sent the mortgage to me.

Q When you completed the translation, what did you do with the mortgage? The copy of the mortgage which Mr. Hanlon had furnished you?

A I certified the translation as true and correct and returned same to Mr. Hanlon.

MR. GLEKEL: Your Honor, at this time I would like to refer to a portion of Government's Exhibit 285A for identification, which is part of Exhibit 285, which is the

closing file on the Bank of America loan on the vessel Trecho 285A is the first preferred mortgage. I just wish to refer to one section of it, which is labeled "The Second Schedule Loan Repayment and Contingency Accounts."

And this lists the amount of the loan as $4,000,000, and beneath it it sets forth the schedule of repayments.

Q Mr. Mattheo, were you ever retained by Mr. Hanlon to do any additional work?

A Yes, I did. I think I was retained a little later, after the Trechon case.

Mr. Hanlon called me to work in two mortgages on a vessel named Kyrilion, first and second mortgages covering said vessel; and on two mortgages covering the vessel named Harilion.

Q Kyrilion and Harilion?

A Right.

I would like, however, to mention that in this instance I worked closely and I sought out first Mr. Hanlon, but I was also working closely with the lawyers for National Bank of North America.

Q What kind of work did you do?

A I was giving advice as to the Greek law applicabl in necessary instances. I translate mortgages and exhibits t

mortgages and I undertook a trip to Greece in order to record the mortgages to the appropriate mortgage registry of Piraeus, comport of said vessel, which were under Greek flag.

Q Who provided you with the English copy of the mortgages to translate?

A I think that I participated in a meeting at the office of Cole & Dietz, counsel for the National Bank of America in the presence of Mr. Hanlon, Mr. Shenman, Mr. Paul Friedman, counsel for the bank, and Mr. Shevlin, vice president of the National Bank of North America, and thereafter executed copies were provided to me.

Q When you completed this work, the translations, what did you then do?

A Thereafter I was in agreement between the lawyers for the shipping corporations, that is to say, Mr. Hanlon and the lawyers for the National Bank of America, that is to say, Cole & Dietz, to pick up the documents and go to Piraeus to record the mortgages in Piraeus, where I stayed for two weeks.

Q When you completed translating the mortgages, who did you return them to?

A The copies of the mortgages, I think that I sent them to Mr. Hanlon, but I'm not really sure.

Q Let me show you Government's Exhibit 396 in

evidence and ask you whether that refreshes your memory as to what you did with the mortgages after you translated them.

(Pause.)

A Yes. This is my letter. I returned to Mr. Hanlon.

Q Pardon me?

A Yes. This evidence that I returned the mortgages to Mr. Hanlon.

Q Were you present at the closing of the Harilion and Kyrilion on or about January 22, 1971?

A I don't remember exactly the date, but it is possible that I was there.

Q Who else was there?

A As far as I remember, it was Mr. Hanlon, Mr. Shenman, Mr. Paul Friedman and Mr. Shevlin, which I remember very well.

MR. GLEKEL: No further questions.

CROSS EXAMINATION

BY MR. SPRIZZO:

Q Mr. Mattheo, this work that you did for Mr. Hanlon in this case is work that you do quite frequently, isn't that correct?

A Yes, this is correct.

Q Nothing unusual about you being requested to

translate mortgages?

A No.

Q Nothing fraudulent about it, as far as you know?

A No.

Q You know Mr. Naslas, do you not?

A Yes, I do.

Q As a matter of fact, he is a neighbor of yours in the building where you work?

A Exactly. I did not know him at the time of the closing, these closings. I met him thereafter.

Q But you know him now?

A Right.

Q And the company he works for has an office in the building where you work, is that correct?

A Yes.

Q When did you first meet Mr. Naslas?

A I think I met him for the first time in 1972.

Q Do you know what kind of a man he is?

A (No response.)

Q Isn't it true that as far as you know, Mr. Naslas is a man of honesty and integrity, as far as you know?

A Yes. I have the highest consideration and esteem for Mr. Naslas.

Q Have you talked to other people about him?

A Yes, I do.

Q Do they feel the same way as you do?

A I think so, yes.

MR. SPRIZZO: No further questions.

MR. GLEKEL: Your Honor, I have a few further questions.

REDIRECT EXAMINATION

BY MR. GLEKEL:

Q Mr. Mattheo, did Mr. Naslas ever tell you that he had signed a three-year charter on the Aris in November and i December represented that a five-year charter existed to the same ship?

A No, he never discussed --

MR. SPRIZZO: Objection to the question, your Honor. It assumes facts which are inaccurate.

THE COURT: Read the question, please.

(Question read.)

A No, I never mentioned he said anything regarding that matter to me.

Q Did he ever tell you that he wrote a letter on February 4, 1972 to the National Bank of North America which stated that there was a five-year charter on a vessel by the name of the Tachys?

A No, he never did.

Q Did he ever tell you that he had been managing that ship for a year on a three-year charter?

A No, he never did.

MR. SPRIZZO: Objection, your Honor. The questio assumes knowledge of the issue here.

THE COURT: Overruled.

MR. GLEKEL: Nothing further, your Honor.

RECROSS EXAMINATION

BY MR. SPRIZZO:

Q In all your dealings with Mr. Naslas, did he always behave with honesty and integrity toward you?

A Yes.

MR. GLEKEL: Objection, your Honor. That is not proper.

MR. SPRIZZO: It is proper under the new rules, your Honor.

THE COURT: When you are both through lecturing me, the witness may step down.

(Witness excused.)

MR. GLEKEL: George Axiotakis.

G E O R G E A X I O T A K I S, called as a witness on behalf of the government, having first been duly sworn, testified as follows:

THE WITNESS: My address is 61-41 84th Street, Rego Park, New York.

DIRECT EXAMINATION

BY MR. GLEKEL:

Q Mr. Axiotakis, how are you employed?

A I am a ship sales broker.

Q Directing your attention to late 1971 and '72, how were you employed then?

A I worked for Royal Steamship Company and Tidal Marine International.

Q Royal Steamship is a subsidiary of Tidal Marine?

A Yes.

Q What kind of work did you do for Tidal Marine and Royal Steamship?

A I worked in the New York office more or less handling the ships that called in New York.

Q Who did you report to?

A From October of 1971 through June of '72 I reported to Costas Naslas.

Q Who was in charge of the New York office during that period?

A To me, Mr. Naslas was in charge.

Q Where were the corporate headquarters of Tidal Marine?

A I believe they were in New York.

MR. FLEMING: Your Honor, I object to belief,

unless that is a form of testimony.

THE COURT: Do you know whether they were in New York?

THE WITNESS: I couldn't swear to you, sir.

THE COURT: What is your best information as to where those offices were?

THE WITNESS: The best information, they were in New York.

THE COURT: What do you base that information on?

THE WITNESS: The fact that so many businesses went down there, the auditors were there all the time, it seemed. The fact that the company stock was traded in New York over-the-counter. Things like that.

Q Mr. Axiotakis, where were the Tidal Marine ships operated from?

A They were basically operated from what I remember out of London, but they also had our New York office and I believe there was an office in Piraeus.

Q Who was in charge of ship operations in New York?

A I would say that Mr. Naslas was in charge of ship operations in New York. Before I said Mr. Naslas through June of '72. From then on Mr. Pietus was in charge. At least he is the one I reported to until I was discharged in October of '72.

Q Did you know him during late 1971 and '72?

A Yes.

Q Where do you know him from?

A From Tidal Marine.

Q What -- was he employed there?

A Yes.

Q What kind of work did he do there?

A As far as I know, he was involved in the corporate work.

Q Did there come a time in early 1972 when you were made an officer of a ship-owning company by the name of Spartan Endeavor?

A Yes.

Q Please tell the jury how this came about.

A One day Mr. Naslas asked me if I could be a director of a corporation in connection with transferring a ship or ships, I don't recall exactly how many, within the company.

In other words, like from one company controlled by Tidal Marine to another company.

Q Did you say anything?

A I said I would, and I jokingly asked him if I would get into any trouble or anything like that, and he said "No, of course not, it's only for this quick transaction,

and you will immediately resign."

Q Then what happened?

A Then we did execute certain documents, including the resignation. I don't remember whether it was the same day or within the day or so.

Q Excuse me.

Did you execute the resignation at the same time that you executed these documents?

A Yes. That was the last document I executed.

Q Your resignation as a director of the company?

A To my knowledge, it was as a director, but then I was shown certain papers and I was also an officer. I believe I was director and secretary of the corporation. And I resigned.

Q What happened thereafter?

A I don't follow.

Q After you resigned as a director, did you do anything else in connection with this company?

A Yes, I executed one further document at a later date, I don't remember exactly how long later, how much time later. It was a secretary's certificate certifying that an attached charter party was a true copy of an existing charter party.

2A p.m.

Q And what were the circumstances under which you executed this document?

A Mr. Katritsis brought it into the office where I sat and asked me to sign it and I told him I can't sign it but we have already resigned from this corporation and he said "It is okay, the lawyer knows about it, you can go ahead and sign it."

I then, quite frankly, just jokingly, I just said "Well, it is what it says it is, isn't it?" And Paul said, "Come on George, stop fooling around and sign it."

I signed it and gave it back to him.

Q Did you have any discussion concerning the date of the document?

A Well, I said we have already resigned, and the document was dated back to the date of the other documents.

Q Was there any reply from Mr. Katritsis?

A He said it was all right, the lawyer knew about it and it was okay.

Q Did he state who the lawyer was?

A That I do not remember whether he stated the name of the lawyer. I assumed even if he didn't name the lawyer, I would have assumed it was Mr. Hanlon but I cannot swear that he named Mr. Hanlon.

Q Did you ever see Mr. Hanlon in Tidal Marine's

offices?

A Yes, sir.

Q What did Mr. Hanlon do?

A He was the company lawyer.

Q Mr. Axiotakis, this charter party which you signed the certificate attesting to, did you see the charter party at the time you signed the certificate?

A The copies assigned to the certificate, yes.

Q Do you recall whose signature was attached to the charter party?

A It was Mr. Katritsis' signature.

Q Let me show you Government's Exhibit 3 in evidence, which contains within it a sheet of paper which has been marked as Government's Exhibit 3A, for identification.

Do you recognize the signature on that document?

A Yes, it is mine.

Q Is that the certificate which Mr. Katritsis asked you to sign?

A Yes.

Q If you look behind that paper, there is a charter party, and I would like you to take a look at it and state whether that is the copy of the charter party that was presentend to you with that certificate at the time you signed it?

A Yes.

Q Do you remember or recall ever signing any other secretary's certificates attesting to the authenticity of charter parties?

A I do not remember, no, sir.

MR. GLEKEL: Your Honor, I would like, with the Court's permission, to read Exhibit 3A to the jury.

(Government's Exhibit 3A was read to the jury by Mr. Glekel.)

MR. GLEKEL: I have no further questions, your Honor.

CROSS EXAMINATION

BY MR. FLEMING:

Q Mr. Axiotakis, am I correct that you were hired by Harry Amanatides and not by Costas Naslas?

A That is correct.

Q Were you hired in New York by Harry Amanatides?

A Yes, sir.

Q Did you negotiate your salary with Harry Amanatides?

A Yes.

Q Was Costas Naslas the boss of Harry Amanatides?

A No, sir, Harry was the big boss.

Q How about Mark Scufalos, was he one of the bosses

A I knew he was something high up. I don't know exactly where he stood in hierarchy, though.

Q You told the FBI, did you not, you thought Scufalos was one of the bosses?

A Yes, he was, but I said were in the hierarchy, I don't know.

Q Now, about Ion Livas, he was one of the bosses, too?

A Chairman of the board, yes, sir.

Q Was Paul Katritsis one of the bosses?

A He was the boss' nephew. I wouldn't say he was one of the bosses.

Q He was 21 years old, wasn't he?

A No, he wasn't one of the bosses. But --

Q All right.

MR. GLEKEL: I think the witness should be permitted to finish.

THE COURT You can ask him.

Q When Paul Katritsis asked you to sign this document, attached to this charter, did you ask Katritsis whether the charter was a true charter?

A Yes, sir, jokingly.

Q Am I correct that Paul Katritsis said to you, "Come on, George, stop kidding around, of course it is true"?

A Yes, sir.

Q And you signed?

A Yes, sir.

Q This charter was a part of the transaction where you signed something a month earlier, is that right?

A It was earlier. I don't know how much earlier.

Q This was a document that had not been ready or something at that time?

A I do not remember the circumstances.

Q When did Harry hire you?

A He hired me in either August or September but I started working in October.

Q What year?

A Of 1971.

Q And when did you leave?

A October of '72.

Q Just about a year?

A Yes, sir.

Q And that was in New York?

A Yes, sir.

Q Am I correct that during that period of time Harry AManatides himself was seldom in New York?

A I would say, from my memory, that he was out of New York more than he was in New York, b3t the exact

breakdown, I don't remember.

Q And is it your best recollection that he was spending a substantial part of his time in London?

A Yes, sir.

Q With Mr. Livas?

A I don't know.

Q You were here in New York and Mr. Naslas was in New York, is that right?

A Yes, sir.

Q Mr. Katritsis was in New York?

A They weren't always in New York, but when I was in contact with them, they were in New York most of the time, yes.

Q Am I correct for most of the time they were in New York?

A Mr. Naslas was and Mr. Katritsis was in New York more to the end of my employment. Toward the beginning, I believe he was a student or something.

Q During that period when you were in the New York office of Tidal, did you hear anything from anyone about any falsification of records or shady deals on loans?

MR. GLEKEL: Objection, your Honor.

THE COURT: Sustained.

MR. FLEMING: May I write a note, your Honor?

THE COURT: Form.

Q While you were in New York, employed by Tidal Marine, did you hear anything, rumors or anything, regarding falsification of documents?

MR. GLEKEL: Objection, your Honog.

THE COURT: I am going to sustain the objection. You have to indicate what you are talking about. He might have been up to the ballgame for all that question presupposes.

Q While you were in New York, working for Tidal Marine, did you, in connection with Tidal Marine International or any of its subsidiaries, hear any rumors of any falsification of records?

A Not at all.

MR. GLEKEL: Objection, your Honor.

THE COURT: Overruled. The witness has answered.

Q While you were in New York, working in Tidal Marine's New York office, did you, with regard to Tidal Marine hear any rumors about any shady deals on loans?

A No, sir.

MR. GLEKEL: Objection, your Honor.

THE COURT: Overruled.

MR. FLEMING: I have nothing further.

REDIRECT EXAMINATION

BY MR. GLEKEL:

Q Did Katritsis have an office at Tidal Marine?

A Yes.

Q Where was that office located?

A It was across the hall from the corner office.

Q Who had the corner office?

A Usually it was empty but when Mr. Katritsis had his office in Tidal Marine, when the corner office was used, it was used by Mr. Amanatides.

Q Who did Mr. Katritsis work with at Tidal Marine?

A Mr. Amanatides.

Q Did you have occasion to see Mr. Naslas and Mr. Amanatides in conference?

T2B

A I know they were in conference many times, yes. I didn't sit in on the conferences, you know. They were in conference. The door was closed.

Q The door would be closed?

A Yes, sir.

MR. GLEKEL: Nothing further, your Honor.

(Witness excused)

MR. MARMARO: The government calls Vincent Hubbard.

V I N C E N T H U B B A R D, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. MARMARO:

Q Mr. Hubbard, how are you employed?

A With Liberian Services Incorporated.

Q For how long have you been employed by Liberian Services?

A Ten years.

Q What is the nature of Liberian Services?

A Liberian Services is the American correspondent office of the International Trust Company in Monrovia, Liberia, and the International Trust Company has a concession agreement from the Republic of Liberia to be the

maritime administrator of the Republic.

Q In connection with Liberian Services' business, does your organization participate in the formation of Liberian corporations?

A Yes, it does.

Q How are such corporations formed?

A These corporations are formed through an attorney in every case, who contacts our office and request the formation of the Liberian company. He gives us the name, the share structure he wants and we proceed from there by cable to Liberia and the company is actually formed and the paper work is done in Liberia and the documentation is returned to us here in New York.

Q Mr. Hubbard, I show you what has been marked as Government Exhibit 353 in evidence and I ask you if you have seen this exhibit before.

A Yes, I have.

Q What does this exhibit contain, sir?

A It contains a documentation for a Liberian corporation by the name of Galaxy Steamship Corporation..

Q Does Government's Exhibit 353 reflect at whose direction this corporation was formed?

A Yes, it does.

Q At whose direction?

A It was formed at the direction of James D. Hanlon.

Q Mr. Hubbard, I am going to hand up to you a number of other files, the numbers of which I will read in a moment.

MR. MARMARO: The files I have handed the witness are Government Exhibits 340, 359, 358, 348, 354, 350, 347, 342, 344, 356, 343, 346, 357, 345, 355, 341, 364, 365, 362, 361, 363.

Q Mr. Hubbard, have you had an opportunity to examine these records?

A Yes, I have.

Q All of them?

A All of them.

MR. MARMARO: With the Court's permission, I would like the witness to step down so I can refer to this chart.

THE COURT: All right.

Q Mr. Hubbard, I want to refer you to Denebola Navigation Corporation. Do the records reflect that this was a Liberian Corporation?

A Yes, they do.

Q At whose direction was this corporation formed?

A James D. Hanlon.

Q I want to direct your attention to Calhoun Tank Corporation. Did the record you have examined show it was a Liberian corporation?

A Yes.

b2 Q At whose direction was this corporation formed?

A James D. Hanlon.

Q Next to Transoceanic Shipping Company of Piraeus Limited. Have you examined the Liberian record relating to this corporation?

A Yes, I have.

Q Do those records indicate at whose direction this corporation was formed?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q Next I want to refer your attention to Unimar Transporting GMBH Limited. Is that a Liberian corporation?

A Yes, it is.

Q Do the records reflect at whose direction this corporation was formed?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q Next I want to refer you to the Scindia Steam

Navigation Company Limited of Bombay. Have you referred to the Liberian records in connection with this corporation?

A Yes, I have.

Q Is this a Liberian corporation?

A Yes, it is.

Q Do the records reflect at whose direction this corporation was formed?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q I next want to refer you to Mitsui O.S.K. Lines, Tokyo Limited. Have you examined the Liberian record with respect to this corporation?

A Yes, I have.

Q Is this a Liberian corporation?

A Yes, it is.

Q Do the records reflect at whose direction this corporation was formed?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q I next would like to direct your attention to Port Line/Blue Funnel Lines of London Limited. Is this a Liberian corporation?

A Yes, it is.

Q Have you examined the Liberian records relating to this corporation?

A Yes, I have.

Q At whose direction was this corporation incorporated?

A James D. Hanlon.

Q I next want to direct your attention to Southeast Tanker Company Limited and ask you if that is a Liberian corporation?

A Yes, it is.

Q Have you examined the records for this corporation?

A Yes, I have.

Q Do those records reflect at whose direction this corporation was incorporated?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q I next want to refer you to Eltanin Navigation Corporation. Is that also a Liberian corporation?

A Yes, it is.

Q Do the records reflect at whose direction that corporation was formed?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q I want to refer you to Canopus Navigation. Have you examined the Liberian records for this corporation?

A Yes, I have.

Q And as a result of that examination, were you able to determine at whose direction that corporation was formed?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q I want to direct your attention to Bellatrix Navigation. Is that a Liberian corporation?

A Yes, it is.

Q Have you examined the records relating to that corporation?

A Yes, I have.

Q At whose direction was that corporation formed?

A James D. Hanlon.

Q I would like to refer you to Aldebaran Navigation Corporation and ask you if that is a Liberian corporation?

A Yes, it is.

Q Have you examined the records relating to that

hph 8 Hubbard-direct

corporation?

A Yes.

Q Do those records indicate at whose direction that corporation was formed?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q I would like to direct your attention next to Acamar Navigation. Is that too a Liberian corporation?

A Yes.

Q Have you examined the records of Acamar Navigation

A Yes, I have.

Q Were you able to determine at whose direction Acamar was formed?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q I next direct your attention to Capella Navigation Is that a Liberian corporation?

A Yes, it is.

Q Have you examined the records relating to that corporation?

A Yes, I have.

Q As a result of that examination were you able

to determine who caused the formation of that corporation?

A Yes.

Q Who is that?

A James D. Hanlon.

Q I direct your attention to Markab Navigation. Is that also a Liberian corporation?

A Yes, it is.

Q Have you had an opportunity to examine the records to this corporation?

A Yes.

Q As a result of that examination, were you able to determine who caused the formation of Markab Navigation?

A Yes.

T3A

Q Have you examined records relating to Denebola Navigation?

A Yes.

Q Is that a Liberian corporation?

A Yes, it is.

Q As a result of your examination were you able to determine at whose direction that corporation was formed?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q I want to direct your attention on the second sheet to Alkaid Navigation. Is that a Liberian corporation?

A Yes, it is. I would like to add one thing. The names are not complete on the chart. They either have "Corporation" or "Corp."

Q In each case?

A Yes. But that is the same.

Q Have you examined the Liberian records relating to Alkaid Navigation Corporation?

A Yes, I have.

Q Were you able to determine at whose direction Alkaid was formed?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q Have you examined the records relating to Aries Navigation Corporation?

A Yes.

Q As a result of that examination were you able to determine at whose direction that corporation was formed?

A Yes.

Q At whose direction?

A James D. Hanlon.

Q Have you examined the records of Pisces Navigation Corporation?

A Yes, I have.

Q Is that a Liberian corporation?

A Yes.

Q At whose direction was that formed?

A James D. Hanlon.

Q Is that based on your examination of Liberian records?

A Yes.

Q I direct your attention finally to the Arcturus Navigation Corporation and ask if that is a Liberian corporation?

A Yes, it is.

Q Have you examined the records relating to that?

A Yes, I have.

Q As a result of that were you able to determine who caused the formation of that corporation?

A Yes.

Q Who was that?

A James D. Hanlon.

MR. MARMARO: You may resume your seat.

(Pause)

Q I want to direct your attention to what has been marked Government's Exhibit 306 for identification. I ask if you can identify what that document is?

A It is a first preferred ship mortgage between Southeast Tanker Company Limited and First National Bank of Boston on the vessel Aquario.

Q Directing your attention to the last page of this document I ask you if you recognize any markings?

A Yes, I do.

Q What markings?

A There is a stamp and seal and signature of the Deputy Commissioner of Maritime Affairs of the Republic of Liberia plus mortgage recording information.

Q Are you familiar with the stamp and are you familiar under what circumstances this stamp is affixed to documents?

A Yes. I am also the chief of the Mortgage Recording Division. This is a stamp and markings on here indicate that this mortgage was registered in our book PM 23 at page 568 on July 16, 1971, at 10:47 A.M. Eastern Daylight Savings Time.

b2 Q Was the stamp placed on Government's Exhibit 306 for identification in the regular course of business?

A Yes, it was.

Q Was it in the regular course of business to place this stamp on Government's Exhibit 306 for identification?

A Yes.

Q In July of 1972 was it in the regular course of business to do so?

A Yes, it was.

MR. MARMARO: The government offers 306 for identification into evidence.

MR. FLEMING: I object, your Honor. I will write a note.

(Pause)

(Handing to Court)

THE COURT: Pass this to Mr. Glekel.

(Pause)

THE COURT: Show Mr. Glekel's note to Mr. Fleming,

the bottom half of it.

(Pause)

MR. FLEMING: That is perfectly agreeable.

THE COURT: You may read that stipulation into the record, the handwritten stipulation at the bottom of the paper that Mr. Fleming has in his hand in connection with your offer of Exhibit 306 in evidence.

MR. FLEMING: May I speak to Mr. Glekel for a moment, your Honor?

THE COURT: Yes.

(Pause)

MR. GLEKEL: Your Honor, the government and the defense have reached a stipulation that an English attorney by the name of Byrd, if called to testify, would state that he prepared the first preferred mortgage which has been offered as Government's Exhibit 306 on the basis of information submitted to him, but cannot recall who submitte the information.

THE COURT: On the basis of that agreed stipulation I take it you withdraw your objection to this exhibit?

MR. FLEMING: That is correct, your Honor.

THE COURT: The exhibit is received without objection.

xx (Government's Exhibit 306 received in evidence.)

MR. MARMARO: With the Court's permission, I'd like to read a brief portion of this.

Government's Exhibit 306 is a first preferred mortgage between Southeast Tanker Company Limited and First National Bank of Boston concerning the Aquario. It is dated the 16th of July, 1971.

Paragraph 1.02 of the warranty section of this section states as follows:

(Mr. Marmaro read to the jury from Government's Exhibit 306.)

MR. MARMARO: The first page of this agreement defines owner as Southeast Tanker Company Limited, a company organized and existing under the laws of the Republic of Liberia. This agreement is signed on page 20 by James D. Hanlon, attorney in fact.

The government would also like to refer to Government's Exhibit 302 in evidence, which is a stock book of Southeast Tanker Corporation which has certificates and receipts for certificates which have been issued. Certificate number 1 is for 250 shares to Scandinavian World Navigation Company dated July 15, 1971. Certificate number 2 is to Kowloon Tankship Company Limited, July 15, 1971, for 100 shares. Certificate 3 is for 100 shares issued to West Shore Tankers Corporation July 15, 1971.

Certificate 4 is for 50 shares issued to Alisios Compania Naviera SA, and it is not dated.

The other shares in the book are blank.

Q Mr. Hubbard, I hand you Government's Exhibit 330B in evidence. Are you familiar with this document?

A Yes. This is a copy of the provisional certificate of registry for the vessel Aquario.

Q At what time would such a document be presented?

A The document would be issued following the registration of the vessel in the name of the owner, or at the closing when the vessel is registered. This certificate is issued immediately thereafter. The original was put on board the vessel itself.

MR. MARMARO: With the Court's permission I'd like to read a portion of this exhibit.

(Mr. Marmaro read to the jury from Exhibit 330B.)

Q Mr. Hubbard, I show you Government's Exhibit 330A in evidence. Do you recognize this document?

A Yes, I do.

Q What is it, sir?

A It is a bill of sale of a vessel named the Thornhill to Brent Shipping Company Limited of Monrovia, Liberia.

Q At what time would this document be prepared?

A This document would be prepared prior to the

actual registration of the vessel under the Liberian flag. Apparently it was flying the Norwegian flag at the time. This is required before a vessel can be registered. Under Liberian flag we must have a copy of the bill of sale showin the vessel is owned by the company indicated.

MR. MARMARO: With the Court's permission I would like to read a portion of this exhibit.

(Mr. Marmaro read to the jury from Government's Exhibit 330A.)

Q Mr. Hubbard, was the Thornhild renamed?

A Yes, it was.

Q What was its name?

A Aquario.

Q Mr. Hubbard, I show you what has been markedas 329 in evidence, a portion of this exhibit, which is a power of attorney, and ask you if you recognize that.

A Yes, I do.

Q What is this document?

A This is a power of attorney which is required by us at the time of the registration of a vessel, indicating that the person named therein is qualified as attorney in fact of the buyer and is able to perform any duties which he must perform at the time of the registration of the vessel under Liberian flag.

MR. MARMARO: With the Court's permission, I would like to read a portion of this exhibit.

(Mr. Marmaro read from Government's Exhibit 329 in evidence to the jury.)

Q I show you Government's Exhibit 329B and ask you if you recognize that.

A Yes. This is a provisional certificate of registry for the vessel Aquario.

Q Who is the registrant in this case?

A South st Tanker Company, Ltd. is the owing corporation.

MR. MARMARO: With the Court's permission, I would like to read a brief portion of this.

(Mr. Marmaro read to the jury from Government's Exhibit 329B in evidence.)

Q Mr. Hubbard, I show you Government's Exhibit 331A in evidence and ask you if you recognize this exhibit.

A Yes, I do.

Q What is this exhibit a copy of?

A It is a copy of the bill of sale of the -- well, it says Thornhild on it. The sale of the vessel from Brent Shipping Company, Ltd. to Southeast Tanker Company, Ltd.

Q Does it mention the purchase price?

A Yes, it does.

Q What is the purchase price?

A $1,300,000.

Q Have you looked at the original of this document?

A Yes, I have.

Q Is the purchase price $1,300,000 on the original?

A Yes.

Q Is this document dated?

A Yes, this document is dated the 12th day of July. The year is omitted, apparently. It says 19 and blank.

Q Do you have any recollection of when this was registered, from other records of Liberian Services?

MR. FLEMING: It is 1971, your Honor.

A Yes, it would be 1971.

Q I show you Government's Exhibit 968 in evidence. Do you recognize this exhibit?

A Yes, I do.

Q What is this exhibit?

A It is a power of attorney.

Q Whose named in the power of attorney?

A James [illegible] Hanlon.

Q What is he authorized to do?

A He is authorized to -- paraphrasing -- he is authorized to do whatever is necessary to register the vessel Thornhild to be renamed Aquario under the laws of Liberia.

Q Who is it signed by?

A It is signed by a gentleman by the name of Livas, and the owning corporation is listed as Southeast Tanker Company, Ltd.

Q Is this the same sort of power of attorney as I read a few moments ago?

A Yes, it is.

Q Finally, I show you Government's Exhibit 409B and

direct your attention to an affidavit of markings contained in that file. Are you familiar with this document?

A Yes, I am.

Q What is this document?

A This document states that certain markings on the vessel itself required by Liberian law have been made on the vessel itself.

Q Is this document required to register the vessel?

A Yes, it is.

MR. MARMARO: With the Court's permission, I would like to read this exhibit.

(Mr. Marmaro read from Government's Exhibit 409B in evidence to the jury.)

MR. MARMARO: Nothing further on direct, your Honor.

THE COURT: We will take a short recess.

(Recess.)

(In open court - jury not present.)

THE COURT: You want to place your motion on the record, please?

MR. FLEMING: Yes, your Honor.

When Mr. Sprizzo elicited Mr. Mattheo's opinion as to Mr. Naslas' reputation for character, Mr. Glekel on cross examination asked three questions, to my recollection.

ellt 5

The first was whether Mr. Mattheo knew that Mr. Naslas had signed a three-year charter for the Aris. The fact is -- Mr. Glekel said the same thing in his opening statement.

The fact is that Mr. Naslas did not sign that charter, which is now in evidence; he witnessed the signature of Amanatides to the charter, a significant difference.

The second question that Mr. Glekel asked which is not based on any evidence in the record and we think is not in accord with the fact, is whether Mr. Mattheo knew that Naslas had managed the vessel Tachys under some kind of a charter, and I forget the charter that was mentioned.

The truth is that Mr. Naslas did not manage the Tachys, and in addition, there is no evidence to support that in the record.

Both of those questions of Mr. Glekel were improper, were prejudicial. Both assume not only facts not in evidence, but assume in one instance the contrary of fact that is in evidence. Just as to Sprizzo, Mr. Sprizzo adds furthermore the form of the question assumes it as true, that is knowledge, the very issues to be tried and assumes or implies guilty knowledge, which is precisely the issue to be tried by the jury. They were highly improper questions and not based on fact, inconsistent, in fact, and we ask for a

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mistrial on that basis.

THE COURT: Mr. Glekel?

MR. GLEKEL: The phrasing of the questions, what I asked, as I recall it, was did Mr. Naslas inform Mr. Mattheo of the various facts.

As to the misstatements, there is evidence in the record that Mr. Naslas managed Tidal Marine ships.

Furthermore, there are documents in evidence, telexes, etc., referring directly to Mr. Naslas' management of the ships.

As to the charter, it is true that Mr. Naslas is not a formal signatory to the charter. His signature does appear on the charter as a witness, and the charter is for 36 months and the representation made a few months later to the bank by Mr. Naslas was that a five-year charter was in existence.

THE COURT: The record should indicate, and probably does, that it has been probably an hour or more since the witness Constantin Mattheo left the witness stand. Another witness was examined and cross examined in the meantime, and yet a third witness had had his direct examination concluded. And the objection is thoroughly untimely and the grounds that are now asserted as afterthoughts, they were not articulated so as to give anybody an opportunity to address

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them and they are inappropriately asserted at this late time.

I see no conceivable prejudice from the inquiries to the witness considering the fact that the defendants have regularly attempted to employ the government's witnesses as character references for one or another of the defendants, and have sought by their general character references to create an impression, and of course, under the new rules of evidence, as correctly pointed out by Mr. Sprizzo in a remote connection a few minutes ago, it is entirely appropriate to question a character witness on his hearing or knowledge of particular matters.

That does not necessarily mean that the matters that are rejected by the witness in fact are facts. They are questions within the framework of this case that are entirely appropriate, and the motions are denied.

Are there any other matters?

MR. FLEMING: Your Honor, I did write the note right away, I just did not submit it to the Court.

THE COURT: What's that?

MR. FLEMING: I said I did write the note immediately. I did not submit it to the Court. I apologize. I think Mr. Sprizzo made a verbal objection.

THE COURT: Whatever objection he made certainly did not call attention to this legal exercise that we have

just gone through.

MR. SPRIZZO: We took the first opportunity we had.

THE COURT: Get the jury.

THE COURT: I want you to put the whole story on the record, what I have asked you to do, so that you articula everything. I don't want a truncated note.

The note that you handed me immediately before --

MR. FLEMING: I just want to express that the not was submitted first.

THE COURT: Yes, there was a note submitted one minute before I asked you to put it on the record.

MR. FLEMING: That is correct.

THE COURT: And the note was an abbreviated version of your fuller stated version on the record.

(Jury present.)

CROSS EXAMINATION

BY MR. SPRIZZO:

Q Mr. Hubbard, is it unusual for you to receive a request from an attorney to form a Liberian corporation?

A Not at all.

Q As a matter of fact, a very high percentage of ships registered are registered under Liberian flag, isn't that true?

A Yes.

Q That is because the laws of Liberia are particularly favorable with respect to ships?

A Presently, as of January 1975, it is a requiremen

that every Liberian ship be owned by a Liberian corporation.

Q That was not true at the time of these corporations?

A That's correct.

Q Certainly during the period of time we are talkin about, it was a very common and customary practice of ship s to register their ships under a Liberian flag?

A Yes.

Q And that was because the laws of Liberia were particularly favorable with respect to the registration of ships under a Liberian flag, is that true?

A That is co ect.

Q About how many ships are registered under Liberian flag?

A At the present time, to the best of my knowledge, about 3,000.

Q Are the records with respect to these ships kept in Liberia or are they kept in New York?

A They are kept here in New York. The office of the Deputy Commissioner here in New York is the official ship registration office for the Republic of Liberia.

Q When you say you make a check of Liberian record, you are referring to Liberian records in New York?

A That is correct.

Q Have you been asked by Mr. Hanlon to form other Liberian corporations with respect to ships other than the ones you have testified about?

A I think so, yes.

Q Mr. Hanlon has incorporated a substantial number of Liberian corporations in addition to the ones about which you have testified, is that right?

A Yes.

Q And it is not unusual for a lawyer in the admiralty business to have a fairly large number of Liberian corporation requests?

A Not at all.

Q Therefore, there is nothing improper or fraudulent about it?

A No, nothing at all.

Q One more question, Mr. Hubbard and we are finished.

You were shown some documents which I think the government referred to as bills of sale.

A Yes.

Q Those bills of sale do not reflect any charter or existence of any charters, do they?

A No, they don't.

Q So you cannot tell from looking at a bill of sale

whether or not a ship has a charter or not?

A No, I cannot.

MR. SPRIZZO: I have no further questions.

REDIRECT EXAMINATION

BY MR. MARMARO:

Q Do you know the purpose for which any corporation you are asked to incorporate is being formed?

A No, we do not know anything about the purpose for the company at all.

(Witness excused.)

MR. GLEKEL: The government calls Paul Friedman.

P A U L F R I E D M A N, called as a witness on behalf of the government, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. GLEKEL:

Q Mr. Friedman, directing your attention to 1970 and 1971, how were you employed at that time?

A I was a partner in the law firm of Cole & Dietz.

Q Did that firm do work for the National Bank of North America?

A Yes, it did.

Q Did you participate in any ship closings?

A I did.

Q Did there come a time in late 1970 or early 1971 when you represented National Bank of North America for the purpose of closing a loan of four ships, Marilion, Kyrilion, Ilion and Harilion?

A Yes.

Q How were you retained to do this?

A I was retained by John Shevlin, who was an employee of the bank.

Q Who were the borrowers?

A The borrowers were corporations by the same name, managed by a company called Transoceanic.

Q Do you recall the principals of Transoceanic?

A A man named Papageorgia, Harry Amanatides, and Io: Livas.

Q Were the borrowers represented by an attorney in connection with these loans?

A Yes.

Q Who was that attorney?

A James Hanlon.

Q Did you have any contact with Mr. Hanlon prior to the closings of these ships?

A No. Just with respect to the closings.

Q Do you recall having any contact with Hanlon concerning the production of documents for the closing?

A Yes, in the preparation of the closing we had numerous contacts and he furnished me with documents for the closing.

Q Were there any difficulties encountered in the production of documents?

A Originally, yes, I had some difficulties in obtaining the original documents for the closing.

Q What were these difficulties?

A My recollection now is that I couldn't get original documents in certain respects. I don't remember the documents.

Q Did you have any conversation or correspondence with Mr. Hanlon about this?

A I think there came a time when I wrote Mr. Hanlon a letter demanding certain documents before I could close.

Q Was there any rush in closing these loans?

A I think there was some pressure in closing the loans.

Q What was the pressure?

A I think it was a time pressure. It is six years or seven years now.

Q And who communicated this pressure to you?

A Mr. Hanlon communicated the pressure to me.

Q Were you present at the closing of any of these

ships?

A I was present at the closing of two.

Q Are those the Harilion and Kyrilion?

A Yes.

Q Who was present at the closing?

A Mr. Hanlon was there, Mr. Sheneman was there.

Q Is Mr. Sheneman an attorney as well?

A Yes, he is a lawyer.

Q Subsequent to the closings on these first two ships, did you continue to gather the necessary documents for the closing on the next two ships?

A I think I gathered some and then went on vacation.

Q Up to the point you went on vacation, whom did you deal with, on behalf of the borrowers,in gathering documents for these ships?

A Mr. Hanlon.

MR. GLEKEL: No further questions, your Honor.

CROSS EXAMINATION

BY MR. SPRIZZO:

Q Mr. Friedman, I believe you said you were at one time a partner in Cole & Dietz?

A Yes.

Q When did you become a partner at Cole & Dietz?

A I think 1972 or '73.

Q When did you cease to be a partner of Cole & Dietz?

A In 1973.

Q You are related, I take it, to a person who was at one time an officer of the National Bank of North America?

A I am related by marriage. My father-in-law was chairman of the board.

Q He is no longer chairman of the board?

A No.

Q When did he leave his post as chairman of the board?

A I think he retired in 1973.

Q Do you know a man named Mark Scufalos?

A Yes.

Q Where did you first meet Mr. Scufalos?

A In 1941 in Mississippi -- in 1949.

Q Were you at one time a schoolmate of his?

A We were at school together.

Q Where was that?

A First at Pierce Christie, Mississippi and later Kings Point.

Q You were a cadet or midshipsman?

A At the Merchant Marine Academy.

Q Do you know a man named Gregory Spartalis?

A Yes.

Q Did he go to that same academy?

A No, sir, not that I know of.

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Q Would you say Mark Scufalos is a close associate of yours or close friend?

A No.

Q How often have you seen him over the past five, six years?

A Maybe five or six times.

Q On one of those occasions, did you not on one occasion have a lunch with Mr. Scufalos and Mr. Amanatides?

A Yes.

Q Was that the first time you met with Mr. Amanatides?

A I think it was. He seems to recall having met me earlier.

Q Where was that lunch?

A It was in downtown New York at a restaurant downtown.

Q The Bank of North America was, at least while you were there, a client of Cole & Deitz, an important client?

A The biggest client.

Q The best client they had?

A Absolutely.

Q This lunch you had with Mr. Scufalos and Mr. Amanatides, did Mr. Scufalos suggest at that time,

in Mr. Amanatides' presence, that you might become counsel to the Tidal Marine Corporation?

A Yes.

Q Did Mr. Amanatides say anything about that at that time?

A Yes. I think he said he would like us to consider it and he invited me to go go to England and to Greece to see his operation.

Q Did Mr. Scufalos indicate at that time that he was developing a business relationship with Tidal Marine?

A Yes.

Q Did you subsequently go to Greece?

A Yes, a few weeks later.

Q Did Mr. Amanatides pay for your trip?

A I don't remember that.

Q Did the firm pay for your trip?

A I think I billed it to the firm. I don't know if they ever paid the bill.

Q But you charged it to the firm?

A Yes.

Q Your wife went with you?

A Yes.

Q Did you discuss your conversation at lunch with the partners of your firm before you went to London

and Greece?

A Sure.

Q What was their reaction to the possibility of your representing Tidal Marine?

A They encouraged me to go.

Q They thought it was a good idea, didn't they?

A Absolutely.

Q They were anxious to get that client?

A It would be an important client.

Q And you were anxious to get that client?

A Yes.

Q In fact, I believe you testified in the grand jury, to use your words, you would have done anything to get Tidal Marine as a client?

A Well, almost anything.

Q I am not quoting exactly, Mr. Friedman, but in words or substance that's what you said.

A Yes.

Q And you thought at that time Tidal Marine would be a client that might be worth as much as $600,000 a year to you?

A That's what Mr. Amanatides told me.

Q Were you impressed with Mr. Amanatides?

A Yes, sir.

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Q You knew Mr. Scufalos and I take it you were impressed by him?

A I knew Mr. Scufalos for a good many years before that.

Q He was a man of substance, as far as you knew?

A As far as I knew.

Q When you went to London, and I think you testified that was two or three weeks after the lunch meeting -- can you fix the time of the lunch meeting at all?

A No, but I can fix the time of the trip. I think it was beginning of June.

Q Of --

A 1971.

Q While you were in London, did you see Mr. Amanatides there?

A Yes.

Q Did you visit his offices at 2 Chesterfield Hill?

A I was there, but I don't know if it was on that occasion.

Q Did you meet a man named Ion Livas?

A Yes.

Q Was that the first time you had met Mr. Livas?

A Again I thought it was, and he thought he met me earlier.

Q Did Mr. Livas appear to you to be a man of substance?

A Yes, he did.

Q Did Mr. Livas or Mr. Amanatides represent to you that Livas was a principal in Tidal Marine as well?

A No. I think at that time it was told to me that he was to become a principal in Tidal Marine.

Q In other words, he was going to become a member of that organization?

A Yes, I think that was the case.

Q Is he an articulate man, Mr. Livas?

A Very articulate.

Q Is he very well dressed?

A Yes.

Q Quite an impressive looking individual, is he not?

A Yes, he is.

Q And he speaks with great authority, does he not?

A Yes.

Q Did you have occasion to see Mr. Scufalos in London?

A Yes.

Q Did you speak to anyone at Mr. Scufalos' offices in London on that occasion?

A I spoke to Mr. Scufalos there. There was someone

else there. But I can't remember his name.

Q And you also saw on that trip a man named Michael Palmer, did you not?

A Yes.

Q Michael Palmer was with Shearson Hammill in London?

A Yes.

Q Did you know before you went to London that you would be meeting Mr. Palmer in London?

A Before I went to London it was suggested that I call Mr. Palmer.

Q And Shearson Hammill was an investment banker, were they not?

A Yes.

Q You knew at that time, or at least shortly thereafter, that Shearson Hammill were going to be involved in a public offering of Tidal stock?

A No.

Q When did you first find that out?

A A long time after.

Q Did you know that Shearson Hamill had some connection with Tidal Marine at that time?

A No.

Q Did you not have a meeting in London with

Mr. Palmer and Mr. Scufalos and Mr. Amanatides?

A Yes.

Q Who set up that meeting?

A I did.

Q Was your purpose in setting up that meeting to get these people together?

A No. Mr. Palmer-- I met Mr. Palmer in a very casual way. Mr. Palmer explained to me the kind of business he was doing in London and he asked me why I was in London, and I told him it was for these people and he said that perhaps he could do some business with them, he would like to meet them and asked me if I would set up a meeting with them.

Q When you say "people", you are referring to Amanatides--

A And Scufalos.

Q Scufalos, as far as you understood, was part of the Tidal Marine --

A Scufalos told me at our luncheon several weeks earlier that he intended to become, I think, the biggest stockholder in Tidal.

Q He was becoming part of the organization, is that correct?

A Yes, sir.

Q And nothing, I take it, came immediately out of the meeting between Amanatides, Scufalos and Palmer that you testified about in London at that particular time?

A Nothing at that particular time.

Q Then you went to Greece?

A Yes, I did.

Q I believe you went to Greece by boat, is that correct?

A No, I flew to Greece.

Q Wasn't there a problem with your wife not wanting to fly?

A Oh, no. They chartered a plane to go down to Greece and my wife didn't want to fly on a non-scheduled airline.

Q So you flew to Greece separately?

A Yes.

Q You saw Mr. Amanatides in Athens?

A In Piraeus.

Q And they took you out to the shipyard, did they not?

A Yes.

Q Is that the Parama Shipyards?

A I think it was at Parama.

Q Did Mr. Livas represent to you or tell you that shipyard was part of the Tidal organization?

A Yes. He said they intended to make it part of the organization.

Q In fact, at some subsequent period of time, they retained you as counsel to handle the possible paper work in connection with putting the Parama Shipyard into the Tidal organization, isn't that correct?

A Yes.

Q Did you also visit the offices of Union Commercial in Greece?

A Yes, I did.

Q And you met some people that were part of Mr. Scufalos' sales force at that time?

A Yes.

Q You also went to the offices of Transoceanic?

A Yes.

Q Did you know whose company that was?

A Well, at this point I had remembered from the closing that I handled that it belonged to Papageorgias, Livas and Amanatides.

Q Were they impressive offices?

A Very impressive.

Q Did you go to the office of Galaxy?

A They were in the same building.

Q Were they impressive offices?

A Yes.

Q Union Commercial, I take it, had impressive office

A Yes.

Q In fact, you were impressed with the organization?

A Yes.

Q In fact, you told the grand jury it was a beautiful organization?

A Yes.

Q And one you were anxious and proud to represent?

A Yes.

Q Now, there came a time when you were told by Amanatides and Livas that they did not think they would be able to retain your firm to represent the company, isn't that true?

A Yes.

Q That was because they told you that Shearson Hammill had said they want one lawyer to be handling this public offering of Tidal Marine stock?

A Yes.

Q And they wanted the Willkie, Farr firm, is that a fair statement?

A Yes.

Q I take it you were unhappy about that?

A Yes, I was.

A Yes, I was.

Q And your partners were unhappy?

A Very.

Q And I think as a matter of fact there was some question as to some fees being paid or some retainer being paid to compensate for loss of their business, isn't that correct?

A Yes, sir.

Q I think your firm suggested a figure of $200,000, over $200,000?

A Yes.

Q That, I take it, was never paid?

A It was never paid.

Q Mr. Livas said he would pay, did he not?

A Yes.

Q In fact, Mr. Livas said there wouldn't be any problem paying you $200,000?

A Right.

Q And at that time you had no cause to question Mr. Livas?

A No, sir.

MR. SPRIZZO: I have no further questions.

REDIRECT EXAMINATION

BY MR. GLEKEL:

Q Was Mark Scufalos ever an employee or officer of Tidal Marine?

A I don't know. I don't think so.

MR. GLEKEL: Nothing further, your Honor.

(Witness excused)

THE COURT: As soon as the clerk comes back, I will have the note marked as a Court's exhibit.

Mark as Courts Exhibit 3 this memorandum handed to me by Mr. Fleming.

The application is not granted.

(Court's Exhibit 3 marked.)

MR. FLEMING: I had shown that to Mr. Glekel before I submit it to the Court.

THE COURT: I will place on the record at the recess an explanation of my ruling.

S H E R M A N P E T R I E, Jr., having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. GLEKEL:

Q Mr. Petrie, where are you employed?

A Zack, Petrie, Reid & Curtain.

Q Is that a law firm?

A Yes.

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Q How long have you been with that law firm?

A I was one of the founders of the original firm, with a Mr. Zack.

Q Was James Hanlon formerly a member of your firm?

A Yes.

Q During what period?

A He became associated with the firm I believe in 1958 and then became a partner in 1966, and withdrew December 31, 1971.

Q Did your firm ever represent Tidal Marine International Corporation?

A Yes.

Q During what period?

A I believe it was during the period 1969 through 1971.

Q Who from your firm handled the Tidal Marine account?

A Mr. Hanlon.

Q Did there come a time when James Hanlon left your firm?

A Yes.

Q What happened to the Tidal Marine account at that time?

A That went with Mr. Hanlon.

Q During 1970 and 1971 about how much of James Hanlon's time was spent on Tidal Marine matters?

A A major portion of his time.

MR. FLEMING: Objection.

THE COURT: Overruled.

Mr. Petrie, would you be good enough when Mr. Fleming rises, to give me an opportunity to rule on his objection.

THE WITNESS: I didn't hear him object. Sorry.

Q What kind of work did Mr. Hanlon do for Tidal Marine?

A From the dockets, that was purchase, sale of ships, financing, probably charter matters. General shipping matters.

Q When Mr. Hanlon --

MR. FLEMING: That is the basis of my objection, your Honor.

THE COURT: Pardon me?

MR. FLEMING: I object again and ask that be struck. I believe he said from the dockets it appears.

THE COURT: Are these dockets, were they kept in the regular course of the firm's business?

THE WITNESS: Yes.

THE COURT: Was it the regular course of the

firm's business to keep records of the time and occupation of each of the partners?

THE WITNESS: Of the cases opened and the nature of the case.

THE COURT: Were the entries made at or about the times of the transactions reflected thereon?

THE WITNESS: When the case was opened, yes.

THE COURT: Are you testifying on the basis of those firms' business records?

THE WITNESS: Yes.

THE COURT: The objection is overruled.

Q Mr. Petrie, let me show you Government's Exhibit 260 in evidence and ask you whether those are the dockets you were referring to.

A These are pages from the docket book.

Q For what period of time?

A This is from December, 1969, through December 27, 1971.

Q Is the identity of the attorney in charge of the matter indicated on the docket sheets?

A Yes.

Q How is it indicated?

A There is a heading on each page entitled attorney, and then under that heading is the initial of the attorney

who opened the case.

Q How are the matters opened by Mr. Hanlon indicated

A Under the attorney heading it's JDH, which are the initials.

Q I believe on a column near the left-hand side of the docket sheets there are the letters SH by certain entries. Do you know what these entries indicate?

THE COURT: Just a minute.

(Pause)

A The entry SH stands for Sheneman and Hanlon's initials, and it indicates that the file against which those initials are placed were taken by Sheneman and Hanlon when they left the firm in December, December 31, 1971.

Q At that time did they remove the files on Tidal Marine related matters?

A That's correct.

Q Let me show you Government's Exhibit 336A, B and C in evidence and I ask you whether these exhibits contain bills issued by Mr. Hanlon during 1970, '71 and '72?

A Exhibit 336A contains the bills, a list of the bills and the bills issued by Mr. Hanlon during 1970.

Exhibit 336B relates to the bills issued in 1971. And the other exhibit, 336C relates to the bills issued in 1972.

Q By Mr. Hanlon?

A By Mr. Hanlon.

Q Directing your attention to February and March, 1972, had Mr. Hanlon left Zack Petrie by that time?

A Yes.

Q Do you recall any conversations with Mr. Hanlon during February and March of 1972?

A With respect to --

Q Specifically with respect to the subject of his ownership of any interest in Tidal Marine ships?

A Yes. There was a discussion with respect to that

Q Who was present at that discussion?

A I believe it was Mr. Zack and myself.

Q Anyone else?

A Those two I know particularly. It may have been that Reid in our office was present also, but I do know that Mr. Zack and myself were there.

Q And Mr. Hanlon?

A And Mr. Hanlon, yes.

Q Wnat do you recall being said?

A There was a discussion brought up as to whether or not he had any ownership in Tidal Marine vessels.

Q Did Mr. Hanlon say anything?

A He said that he had no ownership whatsoever in

any of the vessels.

MR. GLEKEL: No further questions, your Honor.

CROSS EXAMINATION

BY MR. FLEMING:

Q Mr. Petrie, am I correct that during the period of time when Mr. Hanlon was at Zack, Petrie representing Tidal Marine no problems arose as a result of that representation?

MR. GLEKEL: Objection, your Honor.

THE COURT: I think it is a little too indefinite, but the general subject matter may be considered.

Q Do you recall being asked this question and giving this answer in the grand jury, by Mr. Gordon:

"Now, was there any difference" --

MR. GLEKEL: What page ?

MR. FLEMING: Page 7.

Q "Q Now, was there any difficulty at Zack Petrie Sheneman & Reid with regard to Mr. Hanlon's representation of Tidal Marine? Did any problems arise from that representation?

"A No, not at the time of the representation while he was still a member of the firm."

Do you recall being asked that question and giving that answer?

A I do, yes.

Q While Mr. Hanlon was at your firm and representing Tidal Marine did anything ever come to your attention that even suggested to you that Mr. Hanlon was engaging in any improprieties or misconduct in connection with the Tidal Marine business?

A No.

Q Did you consider Tidal Marine to be a worthwhile new client for your firm when it became a client of your firm?

A I believe initially so, yes.

Q Did you ever meet Mr. Amanatides?

A I have met him.

Q You did meet him?

A Yes.

Q Were you impressed by him?

A Well, I hadn't met him -- my contact with him was not --

Q Not long enough to be impressed?

A No. Not long enough to have any reaction.

Q Did you know it was a public company?

A Only when I saw a circular come out about it. I had not known about it before.

Q Did you perceive it to be a growing company?

A That I did not know.

Q How long have you been a lawyer, Mr. Petrie?

A Since 1939.

Q Has most of your work been in the admiralty area?

A Principally so. Also in general practice.

Q When was the firm of Zack Petrie formed?

A Zack Petrie was formed in 1952.

Q You were a partner, of course; Mr. Zack was a partner. Who else?

A When it was formed it was Mr. Zack and myself.

Q Did you obtain new business for your firm?

A Yes.

Q And did you from time to time represent new and growing clients without charging them every month for services?

A Well, it didn't have to be done on a monthly basis. It could be done on a case basis, and then on interi billing.

Q And there is such a thing in the practice of law as developing a client in whom you have confidence, is that correct?

A Developing clients, yes.

Q Developing client relationship with a client in whom you have confidence?

A Yes.

Q Whom you expect to grow to be a major client, and when the client becomes a major client, then the fees become major, am I correct?

A Well, I think in developing clients the lawyer also has to sustain himself. Maybe as the client develops, then you get expanded business, and a broader field in which to operate.

Q Especially with public companies, isn't that right?

A Well, we haven't represented too many public companies.

Q You are a lawyer, am I correct, that it is economically beneficial to represent publicly owned companies and major corporations?

A That's right. And large companies.

MR. FLEMING: Thank you.

REDIRECT EXAMINATION

BY MR. GLEKEL:

Q Do you recall any discussions with Mr. Hanlon concerning his biling of Tidal Marine?

A There were discussions, yes.

Q What was said at these discussions?

A As to when billings would be sent out with respect to those cases that had been completed.

Q Directing your attention to early 1972, were you present at any discussions with Mr. Hanlon concerning his failure to send bills to Tidal Marine?

A Yes.

Q What was said?

A That he would take care of it.

Q What was said to him?

A Well, he was asked about sending the billings out on the cases that had been concluded.

Q Why was he asked about that?

MR. FLEMING: I object.

THE COURT: Overruled.

A He was asked about it because in the ordinary course of business practicing law as anything else, a cash flow is required, and when a case is finished, why, I would like to see it billed out.

Q Had Mr. Hanlon been sending the bills out regularly up to that point?

A No.

Q Was it this meeting that the question was raised as to whether Mr. Hanlon owned an interest in any Tidal Marine ships?

A Would you repeat that question?

Q Was it at this meeting when Mr. Hanlon's billing was discussed, that the question was raised as to whether he owned an interest in any of Tidal Marine's ships?

A It was at one of the meetings at which we were reviewing with Mr. Hanlon the cases to be billed out, yes.

MR. GLEKEL: Nothing further, your Honor.

MR. FLEMING: Just two questions, your Honor.

RECROSS EXAMINATION

BY MR. FLEMING:

Q I take it, Mr. Petrie, regardless of Mr. Hanlon's billing practices, you did not, as what appears to be one of senior partners in your firm, tell him to cease his representation of Tidal Marine Corporation?

A No, I never told him that, no.

Q One other question:

Tell me to the very best of your recollection exactly when you say you asked Jim Hanlon if he had an interes

in any Tidal Marine ships, exactly when, to your very best recollection.

A In the first place --

Q No, I would like the answer to that question to be specific.

THE COURT: Please. You may make your answer, and if it is inappropriate, just please address the question, if you can. Mr. Fleming has asked you as best as you can to fix a date when you made an inquiry about Mr. Hanlon's interest in TMI ships, if any.

A It was in February or March of 1972.

MR. FLEMING: Thank you, sir.

I have nothing further.

THE COURT: Thank you very much, Mr. Petrie. You are excused.

(Witness excused.)

THE COURT: Does that complete your availability for the afternoon?

MR. GLEKEL: Yes, your Honor. But we are prepared to go through some of these bills which were just introduced into evidence, or we can do that on Monday. It is up to your Honor.

THE COURT: You can do that Monday morning.

Ladies and gentlemen, you are released until

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10 o'clock Monday morning. 490

Please spend the weekend pleasurably, profitably and safely and arrive on time.

(Jury left the courtroom.)

THE COURT: Court's Exhibit 3 contained an advance warning from the defense that the witness, the prospective witness Petrie, would testify on the subject as to whether Mr. Hanlon had received any remuneration from Tidal Marine direct. That seems to have been an anticipation not requited by the questions asked either on direct or cross examination. So I need not address it any further.

The memorandum of Court's Exhibit 3 further indicated that it was expected that Mr. Petrie would testify whether Mr. Hanlon had any interest in any vessel being operated by Tidal Marine.

In advance of such inquiries, the Court was requested to bar such inquiries which the Court declined to do. The ground asserted for the bar was that if the witness gave testimony on that subject, it would have no probative value on the issues raised in this indictment. And that the response presumably to be made, namely that Mr. Hanlon had denied any interest in any vessel operated by Tidal Marine, would be merely a false statement to a former law partner and that this would fall into the frame of propensity

on Mr. Hanlon's part to make false statements.

And I quote:

"But, propensity evidence is not admissible on the relevant issue of state of mind in this case," say the defendants' attorneys.

It was further argued in Court's Exhibit 3 that Hanlon's answer with regard to any interest in any Tidal vessel would be true, since the only evidence of a Hanlon interest was in the Aquario, which was not a Tidal ship.

The Court does not understand the contradiction contained in that suggestion by the defendant, which starts out by saying that his anwer with regard to a Tidal vessel would be true, because Aquario was not a Tidal vessel.

The witness was not asked about Aquario. The memorandum sums up, gave the suggestion, that the probative value of Petrie's testimony would be slight, potentially prejudicial and confusing, and that proper balancing tests requires its exclusion.

Having heard the testimony of the witness in the frame in which it was presented, the Court is confirmed in its view that the evidence was proper and material. On several facets of the case, including and particularly Hanlon's claimed personal, as distinct from representative interest as a lawyer in the matters in controversy, such claim being mad

by the government, the testimony given by the witness Petrie was not addressed to the relationship as such with Mr. Hanlon's former law partners; it was addressed more particularly to the true nature and scope of the relationship betwee Mr. Hanlon and Tidal Marine.

As such, the evidence has probative value on the issues in the indictment.

Viewed from one side, it may support the notion that Hanlon had no personal interest at stake, if the respons was true. Viewed otherwise, it may indicate flight from the fact; it may indicate suppression of evidence of personal interest, and if Hanlon's response to his former partner is shown by other evidence to have been false, the response bears on the subject of consciousness of guilt and a stop in the cover-up of the truth.

As such, it is admissible under general rules o evidence and general principles of proof. In all events, beyond a reasonable doubt, there is no untoward prejudicial effect which might unnecessarily or improperly distract or mislead the jury. It may well be that if falsehood was in fact involved in the response to the suspicion from the method of billing, the proof thereof would be insufficient to convict if other evidence of guilt were weak, and the evidence before the Court is inconsistent as to the governmert

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theory of guilt.

And consequently, that is a matter to be weighed at the conclusion of all the evidence, with notice to the government that if the only evidence they have is weak as against Mr. Hanlon, the evidence particularly objected to may not carry the day.

Good night, gentlemen.

(Adjourned to June 7, 1976 at 10 a.m.)

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